FRANCHISE DISCLOSURE DOCUMENT

FUSA Franchisor SPV LLC
a Delaware limited liability company
440 South Church Street, Suite 700
Charlotte, North Carolina 28202
(704) 377-8855
www.fixautousa.com

The franchise offered is for the establishment and operation of a FIX AUTO® collision repair shop specializing in auto body repair work and related services.

The total initial investment necessary to begin operations of a conversion FIX AUTO® collision repair shop ranges from $54,500 to $829,000. This amount includes $10,000 to $20,000 that must be paid to the franchisor or affiliate. The total initial investment necessary to begin operations of a new (ground-up) FIX AUTO® collision repair shop ranges from $167,700 to $3,069,000. This amount includes $10,000 to $20,000 that must be paid to the franchisor or affiliate.

This disclosure document summarizes certain provisions of your Franchise Agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar-days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no 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 Franchise Development Officer, at FUSA Franchisor SPV LLC, 440 South Church Street, Suite 700, Charlotte, North Carolina 28202 or (704) 377-8855.

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

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

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

Issuance Date: May 23, 2022

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 Exhibits H and I.
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 C includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only FIX AUTO 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 FIX AUTO franchisee?	Item 20 or Exhibits H and I list current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution**. The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in North Carolina. 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 North Carolina than in your own state.

2. **Minimum Performance Standards**. As a franchisee, you are required to meet certain performance standards, including: attaining the then current minimum annual sales standard applicable to your FIX AUTO Shop; an insurance company relationships standard; customer satisfaction standards, and production performance standards (which include how quickly you repair a car in your FIX AUTO Shop, as well as quality and volume standards). Your failure to meet the performance standards may result in the suspension of workflow from certain insurance companies, limited referrals from us, or termination of your franchise agreement.

3. **Minimum Royalty Payments**. You must make minimum royalty payments, regardless of your sales levels. Your inability to make the 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.

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

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

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

(b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in the Michigan Franchise Investment Act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

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

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

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

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

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

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

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

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

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

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

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

If the franchisor's most recent financial statements are unaudited and show a net worth of less than $100,000, the franchisor shall, at the request of a franchisee, arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations to provide real estate, improvements, equipment, inventory, training, or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

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

Any questions regarding this notice should be directed to:

State of Michigan
Consumer Protection Division
Attn: Franchise
670 G. Mennen Williams Building
525 West Ottawa Street
Lansing, Michigan 48909
Telephone Number: (517) 335-7567

Note: Despite paragraph (f) above, we intend, and we and you agree, to enforce fully the arbitration provisions of our Franchise Agreement. We believe that paragraph (f) is unconstitutional and cannot preclude us from enforcing these arbitration provisions.

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ITEM 1 THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

The Franchisor's Name and Business Form

The franchisor is FUSA Franchisor SPV LLC. To simplify the language in this franchise disclosure document (this "Disclosure Document") "we," "us," "our," "Franchisor" or "FUSA" means the Franchisor, FUSA Franchisor SPV LLC, a Delaware limited liability company. We will refer to the person, corporation, partnership or other entity that buys the franchise as "you" and "your" throughout this Disclosure Document. If a corporation, partnership or other entity is the Franchisee, "you" generally includes the Franchisee's owners. Terms not defined in this Disclosure Document (including various capitalized terms) are defined in the Franchise Agreement attached as **Exhibit B** to this Disclosure Document (the "Franchise Agreement").

We were formed in Delaware on April 21, 2020. We became the franchisor of the FIX AUTO franchise brand effective July 6, 2020. Our principal business address is 440 South Church Street, Suite 700, Charlotte, North Carolina 28202. We do business under the name FUSA Franchisor SPV LLC or in some cases, simply as "FUSA."

Our agents for service of process are disclosed in **Exhibit A**.

Predecessors

Our predecessor, FUSA, Inc., a California corporation ("Our Predecessor"), and a wholly-owned subsidiary of 79411 USA, Inc., a Delaware corporation, was incorporated on April 29, 1997. Our Predecessor was the franchisor of the FIX AUTO franchise brand prior to July 6, 2020. Our Predecessor's last principal business address during the time it acted as the franchisor of the FIX AUTO franchise brand was 11555 Sorrento Valley Road, Suite 201, San Diego, California 92121.

79411 USA, Inc. was founded in 1997 at a time when the American collision repair industry was highly fragmented, with most American body shops owned by independent, non-affiliated owners who had little desire to be part of a network of owner-operators operating under a single brand. The founders of 79411 USA, Inc., however, envisioned and decided that a franchise program which offered a distinct concept and operating system for the establishment and operation of a network of independent collision repair facilities specializing in auto body repair work and offering complete after-collision services (all of which make up the "System") would provide independent operators with benefits like the ability to enjoy joint marketing power, joint purchasing, process optimization and a referencing program to insurance companies. Accordingly, 79411 USA, Inc. offered franchises, similar to the type that we now offer, in the State of California from April 21, 1998 to April 20, 2001. The franchise model emphasized uniform operations and collective marketing to build brand awareness and attract customers. During this time, 79411 USA, Inc. sold an estimated 17 franchises.

While still operating its franchise program, beginning in 2001, 79411 USA, Inc. decided to change its business model; it ceased selling franchises and focused on offering independent operators a direct sale of services license program under the name "Collision Repair Experts" or

"CRX." This license program included access to technology and industry expertise and the ability to receive services from 79411 USA, Inc. for a separate additional fee. Licensees were not permitted to use the FIX AUTO marks without 79411 USA, Inc.'s express written consent, were charged a nominal initial fee, and/or were not required to adhere to a system of standard operating procedures set by 79411 USA, Inc. For example, CRX licensees are not required to adhere to a common look or shop design, do not contribute to a marketing fund, do not advertise collectively, and do not keep uniform shop hours or have uniform policies and procedures. Since 2001, 79411 USA, Inc. entered into approximately 140 license agreements in California involving either services only or use of the Collision Repair Experts' marks in conjunction with services, with a substantial portion of these licenses having been entered into between 2001 and 2010. The number of CRX licenses entered subsequent to 2010 has been very limited. Approximately 133 of the 140 licensees have had their agreements expire, be terminated, not renewed, or have otherwise left the network. As of December 25, 2021, the CRX network program had 7 members.

In 2010, 79411 USA, Inc. decided to take a major shift and actively to grow its franchise system. At that time, 79411 USA, Inc. created Our Predecessor and, in June 2010, Our Predecessor became the exclusive franchisor of the System in the United States. Our Predecessor's mission was to primarily focus on its franchise program and grow through the conversion of independent owner-operators to franchisees. The franchise offering developed and offered by Our Predecessor and now by us differs from the CRX license model offered by 79411 USA, Inc. We have uniform operating procedures and require our franchisees to adhere to them. We will manage local representatives who will support the franchisees in their operations as well as their individual, local marketing programs. We and/or our affiliates will manage the claims process for each claim we refer to franchisees through agreements held by us with CMIPs (defined below). We will work cooperatively with franchisees to promote our franchise network, the brand and national sales efforts.

An affiliate of Our Predecessor, Auto Center Auto Body, Inc. ("ACAB"), a California corporation, was formed on September 20, 1984. ACAB owned and operated 8 FIX AUTO Shops (defined below) in Southern California. ACAB never offered franchises in any line of business. Another affiliate of Our Predecessor, Association of Collision Repairers Inc. ("ACR"), a California corporation, was formed on May 20, 1997. ACR owned and operated 1 FIX AUTO Shop in Southern California. ACR never offered franchises in any line of business. The FIX AUTO Shops operated by these affiliates were transferred to FUSA Properties (defined below) in connection with the Secured Financing Transaction (defined below). The principal business address of ACAB and ACR at the time of the transfer of these FIX AUTO Shops was 22901 Savi Ranch Parkway, Suite A, Yorba Linda, California 92887.

Parents and Certain Affiliates

We are a direct, wholly-owned subsidiary of Driven Systems LLC, a Delaware limited liability company ("Driven Systems"). Driven Systems is a wholly-owned subsidiary of Driven Brands Funding, LLC ("Driven Brands Funding"). Driven Systems and Driven Brands Funding share our principal business address. As set forth in Item 21, Driven Systems guarantees our performance under the Franchise Agreement.

We are an indirect, wholly-owned subsidiary of Driven Brands, Inc., a Delaware corporation ("Driven Brands"). Driven Brands acquired the FIX AUTO system in April 2020. Driven Brands is the indirect parent company of a number of franchise brands as described below. Driven Brands shares our principal business address.

As noted, FUSA Properties SPV LLC, a Delaware limited liability company and our affiliate that shares our principal business address ("FUSA Properties"), owns and operates 9 FIX AUTO Shops. FUSA Properties does not offer franchises in any line of business or provide products or services to our franchisees.

Our affiliate, Spire Supply, LLC ("Spire Supply"), a Delaware limited liability company, may sell certain goods and services to our franchisees. Spire Supply shares our principal business address. Spire Supply has not offered franchises in any lines of business or operated any business of the type being offered under this disclosure document.

Our affiliate, Driven Brands Shared Services LLC ("Driven Brands Shared Services"), a Delaware limited liability company, performs certain franchising, marketing, product sales, real estate, intellectual property, operating and reporting services and support services for our franchisees on our behalf. Driven Brands Shared Services shares our principal business address. Driven Brands Shared Services has not offered franchises in any lines of business or operated any business of the type being offered under this Disclosure Document.

Driven Brands is owned by Driven Holdings, LLC ("Driven Holdings"), which is owned by Driven Brands Holdings Inc. ("Driven Brands Holdings"). Driven Brands Holdings also directly and indirectly owns US and foreign subsidiaries that comprise the car wash business of Driven Brands Holdings. In January 2021, Driven Brands Holdings sold shares in an initial public offering and, since that date, Driven Brands Holdings has been a publicly traded company. Before and after the initial public offering, private equity funds managed by Roark Capital Management, LLC, an Atlanta-based private equity firm, owned and continue to own a majority of the outstanding stock of Driven Brands Holdings. Through other private equity funds managed by Roark Capital Management, LLC, we are affiliated with certain other franchise companies operating in a variety of industries. See below for additional information concerning these affiliated franchise companies.

Driven Affiliates

Driven Holdings is the indirect parent company to 10 franchisors, including Meineke Franchisor SPV LLC ("Meineke"), Maaco Franchisor SPV LLC ("Maaco"), Drive N Style Franchisor SPV LLC ("DNS"), Merlin Franchisor SPV LLC ("Merlin"), Econo Lube Franchisor SPV LLC ("Econo Lube"), 1-800-Radiator Franchisor SPV LLC ("1-800-Radiator"), CARSTAR Franchisor SPV LLC ("CARSTAR"), Take 5 Franchisor SPV LLC ("Take 5"), ABRA Franchisor SPV LLC ("Abra"), and FUSA. In April 2015, Driven Holdings and its franchised brands at the time (Meineke, Maaco, DNS, Merlin and Econo Lube) became Affiliated Programs (defined below) through an acquisition. Subsequently, through acquisitions in June 2015, October 2015, March 2016, September 2019, and April 2020, respectively, the 1-800-Radiator, CARSTAR, Take 5, Abra and FUSA brands became Affiliated Programs. Meineke, Maaco, DNS, Merlin, Econo

Lube, CARSTAR, Take 5, and Abra share our principal business address. 1-800-Radiator's principal business address is 4401 Park Road, Benicia, California 94510.

Meineke franchises automotive centers which offer to the general public automotive repair and maintenance services that it authorizes periodically. These services currently include repair and replacement of exhaust system components, brake system components, steering and suspension components (including alignment), belts (V and serpentine), cooling system service, CV joints and boots, wiper blades, universal joints, lift supports, motor and transmission mounts, trailer hitches, air conditioning, state inspections, tire sales, tune ups and related services, transmission fluid changes and batteries. Meineke and its predecessors have offered Meineke center franchises since September 1972, and Meineke's affiliate has owned and operated Meineke centers on and off since March 1991. As of December 25, 2021, there were 700 Meineke centers, 26 Meineke centers co-branded with Econo Lube, and no company-owned Meineke centers or company-owned Meineke centers co-branded with Econo Lube operating in the United States.

Maaco and its predecessors have offered Maaco center franchises since February 1972 providing automotive collision and paint refinishing. As of December 25, 2021, there were 411 franchised Maaco centers and no company-owned Maaco centers in the United States.

DNS is the franchisor of 3 franchise systems: Drive N Style® franchises, AutoQual® franchises and Aero Colours® franchises. DNS and its predecessors have offered Drive N Style franchises since October 2006. A Drive N Style business offers both interior and exterior reconditioning and maintenance services, exterior paint repair and refinishing services, and interior and exterior protection services for consumer vehicles. As of December 25, 2021, there were 31 Drive N Style franchises and no company-owned Drive N Style businesses in the United States. DNS and its predecessors have offered AutoQual franchises since February 2008. AutoQual businesses offer various services relating to the interior of automotive vehicles, including, among other things, cleaning, deodorizing, dyeing, and masking of carpets, seats, and trim. As of December 25, 2021, there were 8 AutoQual franchises and no company-owned AutoQual businesses in the United States. DNS and its predecessors have offered Aero Colours franchises since 1998. Aero Colours businesses offer various services related to the exterior of automotive vehicles, including paint touch-up, repair and refinishing that is performed primarily on cars at automobile dealerships or at the customer's home or place of business. As of December 25, 2021, there were 2 Aero Colours franchises and no company-owned Aero Colours businesses in the United States.

Merlin franchises shops which provide automotive repair services specializing in vehicle longevity, including the repair and replacement of automotive exhaust, brake parts, ride and steering control system and tires. Merlin and its predecessors offered franchises from July 1990 to February 2006 under the name "Merlin Muffler and Brake Shops," and have offered franchises under the name "Merlin 200,000 Mile Shops" and "Merlin Shops" since February 2006. As of December 25, 2021, there were 24 Merlin franchises and no company-owned Merlin shops located in the United States.

Econo Lube offers franchises that provide oil change services and other automotive services including brakes, but not including exhaust systems. Econo Lube's predecessor began offering franchises in 1980 under the name "Muffler Crafters" and began offering franchises under

the name "Econo Lube N' Tune" in 1985. As of December 25, 2021, there were 10 Econo Lube N' Tune franchises and 12 Econo Lube N' Tune franchises co-branded with Meineke centers in the United States, which are predominately in the western part of the United States, including California, Arizona, and Texas, and no company-owned Econo Lube N' Tune locations in the United States.

1-800-Radiator franchises distribution warehouses selling radiators, condensers, air conditioning compressors, fan assemblies and other automotive parts to automotive shops, chain accounts and retail consumers. 1-800-Radiator and its predecessor have offered 1-800-Radiator franchises since 2004. As of December 25, 2021, there were 194 1-800-Radiator franchises in operation in the United States. 1-800-Radiator's affiliate has owned and operated 1-800-Radiator warehouses since 2001 and, as of December 25, 2021, owned and operated 1 1-800-Radiator warehouse in the United States.

CARSTAR offers franchises for full-service automobile collision repair facilities providing repair and repainting services for automobiles and trucks that suffered damage in collisions. CARSTAR's business model focuses on insurance-related collision repair work arising out of relationships it has established with insurance company providers. CARSTAR and its affiliates first offered conversion franchises to existing automobile collision repair facilities in August 1989 and began offering franchises for new automobile repair facilities in October 1995. As of December 25, 2021, there were 419 franchised CARSTAR facilities and 10 company-owned facilities operating in the United States.

Take 5 franchises motor vehicle centers that offer quick service, customer-oriented oil changes, lubrication and related motor vehicle services and products. Take 5 commenced offering franchises in March 2017, although the Take 5 concept started in 1984 in Metairie, Louisiana. As of December 25, 2021, there were 134 franchised Take 5 outlets operating in the United States. An affiliate of Take 5 currently operates approximately 536 Take 5 outlets and outlets that operate under other brands, including Havoline Xpress, many of which may be converted to the Take 5 brand and operating platform in the future.

Abra franchises repair and refinishing centers that offer high quality auto body repair and refinishing and auto glass repair and replacement services at competitive prices. Abra and its predecessor have offered Abra franchises since 1987. As of December 25, 2021, there were 63 franchised Abra repair centers and no company-owned repair centers operating in the United States.

Driven Holdings is also the indirect parent company to the following franchisors that offer franchises in Canada: (1) Meineke Canada SPV LP and its predecessors have offered Meineke center franchises in Canada since August 2004; (2) Maaco Canada SPV LP and its predecessors have offered Maaco center franchises in Canada since 1983; (3) 1-800-Radiator Canada, Co. has offered 1-800-Radiator warehouse franchises in Canada since April 2007; (4) Carstar Canada SPV LP and its predecessors have offered CARSTAR franchises in Canada since September 2000; (5) Take 5 Canada SPV LP and its predecessor have offered Take 5 franchises in Canada since November 2019; (6) Driven Brands Canada Funding Corporation and its predecessors have offered UniglassPlus and Uniglass Express franchises in Canada since 1985 and 2015, respectively, Vitro Plus and Vitro Express franchises in Canada since 2002, and Docteur du Pare Brise franchises in

Canada since 1998; (7) Go Glass Franchisor SPV LP and its predecessors have offered Go! Glass & Accessories franchises since 2006 and Go! Glass franchises since 2017 in Canada; and (8) Star Auto Glass Franchisor SPV LP and its predecessors have offered Star Auto Glass franchises in Canada since approximately 2012.

As of December 25, 2021, there were: (i) 27 franchised Meineke centers and no company-owned Meineke centers in Canada; (ii) 17 franchised Maaco centers and no company-owned Maaco centers in Canada; (iii) 7 1-800-Radiator franchises and no company-owned 1-800-Radiator locations in Canada; (iv) 323 franchised CARSTAR facilities and 4 company-owned CARSTAR facilities in Canada; (v) 31 franchised Take 5 outlets and 8 company-owned Take 5 outlets in Canada; (vi) 23 franchised UniglassPlus businesses, 30 franchised UniglassPlus/Ziebart businesses, and 5 franchised Uniglass Express businesses in Canada, and 4 company-owned UniglassPlus businesses and 1 company-owned UniglassPlus/Ziebart business in Canada; (vii) 7 franchised VitroPlus businesses, 60 franchised VitroPlus/Ziebart businesses, and 4 franchised Vitro Express businesses in Canada, and 3 company-owned VitroPlus businesses and 1 company-owned VitroPlus/Ziebart business in Canada; (viii) 31 franchised Docteur du Pare Brise businesses and 2 company-owned Docteur du Pare Brise businesses in Canada; (ix) 12 franchised Go! Glass & Accessories businesses and no franchised Go! Glass businesses in Canada, and 8 company-owned Go! Glass & Accessories businesses and no company-owned Go! Glass businesses in Canada; and (x) 8 franchised Star Auto Glass businesses and no company-owned Star Auto Glass businesses in Canada.

In January 2022, Driven Brands acquired Auto Glass Now's more than 75 repair locations operating under the AUTOGLASSNOW® name in the southeastern and midwestern parts of the United States ("AGN Repair Locations"). AGN Repair Locations offer auto glass calibration and windshield repair and replacement services. In April 2022, Driven Brands acquired All Star Glass, which has 31 repair locations in Arizona, California, Nevada, and Texas ("All Star Glass Locations"). The All Star Glass Locations in Arizona, California and Nevada operate under the ALL STAR GLASS® name and the locations in Texas operate under the FIVE STAR GLASS® name. All Star Glass Locations offer auto and truck glass replacement and repairs. In the future, AGN Repair Locations and/or All Star Glass Locations may offer products and services to Driven Brands' affiliates and their franchisees in the United States, and/or Driven Brands may decide to offer franchises for AGN Repair Locations and/or All Star Glass Locations in the United States.

Other than as described above, neither these affiliates nor their predecessors have offered franchises in any other lines of business or operated any business of the type being offered under this Disclosure Document.

Other Affiliates with Franchise Programs

Through control with private equity funds managed by Roark Capital Management, LLC, we are affiliated with the following franchise programs (together with the Driven affiliates described above, collectively, the "Affiliated Programs"). None of these affiliates operate a FIX AUTO Shop franchise.

Focus Brands Inc. ("Focus Brands") is the indirect parent company to 7 franchisors, including: Auntie Anne's Franchisor SPV LLC ("Auntie Anne's"), Carvel Franchisor SPV LLC

("Carvel"), Cinnabon Franchisor SPV LLC ("Cinnabon"), Jamba Juice Franchisor SPV LLC ("Jamba"), McAlister's Franchisor SPV LLC ("McAlister's"), Moe's Franchisor SPV LLC ("Moe's"), and Schlotzsky's Franchisor SPV LLC ("Schlotzsky's"). All 7 Focus Brands franchisors have a principal place of business at 5620 Glenridge Drive NE, Atlanta, Georgia 30342 and have not offered franchises in any other line of business.

Auntie Anne's franchises Auntie Anne's® shops that offer soft pretzels, lemonade, frozen drinks and related foods and beverages. In November 2010, the Auntie Anne's system became affiliated with Focus Brands through an acquisition. Auntie Anne's predecessor began offering franchises in January 1991. As of December 31, 2021, there were approximately 1,126 franchised facilities and 12 affiliate-owned facilities in the United States and approximately 748 franchised facilities operating outside the United States.

Carvel franchises Carvel® ice cream shoppes and is a leading retailer of branded ice cream cakes in the United States and a producer of premium soft-serve ice cream. The Carvel system became an Affiliated Program in October 2001 and became affiliated with Focus Brands in November 2004. Carvel's predecessor began franchising retail ice cream shoppes in 1947. As of December 31, 2021, there were 325 domestic retail shoppes (including 1 shoppe co-branded in a Schlotzsky's restaurant operated by an affiliate), 31 international retail shoppes, and 3 foodservice locations operated by independent third parties that offer Carvel® ice cream and frozen desserts including cakes and ice cream novelties.

Cinnabon franchises Cinnabon® bakeries that feature oven-hot cinnamon rolls, as well as other baked treats and specialty beverages. It also licenses independent third parties to operate domestic and international franchised Cinnabon® bakeries and Seattle's Best Coffee® franchises on military bases in the United States and in certain international countries, and to use the Cinnabon trademarks on products dissimilar to those offered in Cinnabon bakeries. In November 2004, the Cinnabon system became affiliated with Focus Brands through an acquisition. Cinnabon's predecessor began franchising in 1990. As of December 31, 2021, franchisees operated 938 Cinnabon retail outlets in the United States and 810 Cinnabon retail outlets outside the United States and 170 Seattle's Best Coffee units outside the United States. As of December 31, 2021, Cinnabon's affiliate operated 1 affiliate-owned Cinnabon retail outlet in the United States.

Jamba franchises Jamba® stores that feature a wide variety of fresh blended-to-order smoothies and other cold or hot beverages and offer fresh squeezed juices and portable food items to customers who come for snacks and light meals. Jamba has offered JAMBA® franchises since October 2018. In October 2018, Jamba became affiliated with Focus Brands through an acquisition. Jamba's predecessor began franchising in 1991. As of December 31, 2021, there were approximately 747 franchised Jamba® stores in the United States and 64 franchised Jamba® stores outside the United States, and 3 affiliate-owned Jamba® stores in the United States.

McAlister's offers full-size and non-traditional fast casual restaurants offering counter-service, on-premises and take-out services featuring a complete or limited line of deli foods, including hot and cold deli sandwiches, baked potatoes, salads, soups, desserts, iced tea and other food and beverage products under the names MCALISTER'S DELI® or MCALISTER'S SELECT®. McAlister's system became an Affiliated Program through an acquisition in July

2005, and the McAlister's system became affiliated with Focus Brands in October 2013. McAlister's or its predecessor have been franchising since 1999. As of December 31, 2021, there were 472 domestic franchised McAlister's restaurants and 33 affiliate-owned restaurants.

Moe's franchises Moe's Southwest Grill® fast casual restaurants which feature fresh-mex and southwestern food. In August 2007, the Moe's system became affiliated with Focus Brands through an acquisition. Moe's predecessor began offering Moe's Southwest Grill franchises in 2001. As of December 31, 2021, there were 658 franchised Moe's Southwest Grill restaurants operating in the United States, 1 franchised restaurant operating outside the United States, and 1 affiliate-owned restaurant operating in the United States.

Schlotzsky's franchises Schlotzsky's® quick-casual restaurants which feature sandwiches, pizza, soups, and salads. Schlotzsky's signature items are its "fresh-from-scratch" sandwich buns and pizza crusts that are baked on-site every day. In November 2006, the Schlotzsky's system became affiliated with Focus Brands through an acquisition. Schlotzsky's restaurant franchises have been offered since 1976. As of December 31, 2021, there were 300 franchised Schlotzsky's restaurants and 24 affiliate-owned Schlotzsky's restaurants.

Inspire Brands, Inc. ("Inspire Brands") is a global, multi-brand restaurant company, launched in February 2018 upon completion of the merger of the Arby's and Buffalo Wild Wings brands. Inspire Brands is a parent company to 7 franchisors, including: Arby's Franchisor, LLC ("Arby's"), Baskin-Robbins Franchising LLC ("Baskin-Robbins"), Buffalo Wild Wings International, Inc. ("Buffalo Wild Wings"), Dunkin' Donuts Franchising LLC ("Dunkin'"), Jimmy John's Franchisor SPV, LLC ("Jimmy John's"), Rusty Taco, Inc. ("Rusty Taco"), and Sonic Franchising LLC ("Sonic"). All 7 Inspire Brands franchisors have a principal place of business at Three Glenlake Parkway NE, Atlanta, Georgia 30328 and, other than as described below for Arby's, have not offered franchises in any other line of business.

Arby's is a franchisor of quick-serve restaurants operating under the Arby's® trade name and business system that feature slow-roasted, freshly sliced roasted beef and other deli-style sandwiches. In July 2011, Arby's became an Affiliated Program through an acquisition. Arby's has been franchising since 1965 and, as of January 2, 2022, there were approximately 3,407 Arby's restaurants operating in the United States (2,291 franchised and 1,116 company-owned), and 160 franchised Arby's restaurants operating internationally. Predecessors and former affiliates of Arby's have, in the past, offered franchises for other restaurant concepts, including T. J. Cinnamons® stores that served gourmet baked goods. All of the T.J. Cinnamons locations have closed.

Buffalo Wild Wings is a franchisor of sports entertainment-oriented casual sports bars that feature chicken wings, sandwiches, and other products, alcoholic and other beverages, and related services under the Buffalo Wild Wings® name ("Buffalo Wild Wings Sports Bars") and restaurants that feature chicken wings and other food and beverage products primarily for off-premises consumption under the Buffalo Wild Wings GO name ("BWW-GO Restaurants"). Buffalo Wild Wings has offered franchises for Buffalo Wild Wings Sports Bars since April 1991 and for BWW-GO Restaurants since December 2020. As of January 2, 2022, there were 1,196 Buffalo Wild Wings Sports Bars operating in the United States (534 franchised and 662 company-owned) and 76 Buffalo Wild Wings or B-Dubs restaurants operating outside the United States (64 franchised

and 12 company-owned). As of January 2, 2022, there were 16 BWW-GO Restaurants operating in the United States (1 franchised and 15 company-owned).

Rusty Taco is the franchisor of Rusty Taco® (formerly R Taco®) restaurants. Rusty Taco has offered franchises for Rusty Taco restaurants since May 2015, but its predecessors have been franchising Rusty Taco restaurants since 2010. As of January 2, 2022, there were 36 Rusty Taco restaurants (32 franchised and 4 company-owned) in operation.

Sonic is the franchisor of Sonic Drive-In® restaurants, which serve hot dogs, hamburgers and other sandwiches, tater tots and other sides, a full breakfast menu and frozen treats and other drinks. Sonic became an Affiliated Program through an acquisition in December 2018. Sonic has offered franchises for Sonic Drive-In® restaurants since May 2011. As of January 2, 2022, there were 3,552 Sonic Drive-In® restaurants (3,232 franchised and 320 company-owned) in operation.

Jimmy John's is a franchisor of restaurants operating under the Jimmy John's® trade name and business system that feature high-quality deli sandwiches, fresh baked breads, and other food and beverage products. Jimmy John's became an Affiliated Program through an acquisition in October 2016 and became part of Inspire Brands by merger in 2019. Jimmy John's and its predecessor have been franchising since 1993 and, as of January 2, 2022, had 2,657 restaurants operating in the United States (2,616 franchised and 41 affiliate-owned).

Dunkin' is a franchisor of Dunkin'® restaurants that offer doughnuts, coffee, espresso, breakfast sandwiches, bagels, muffins, compatible bakery products, croissants, snacks, sandwiches and beverages. Dunkin' became an Affiliated Program through an acquisition in December 2020. Dunkin' has offered franchises for Dunkin'® restaurants since March 2006 and, as of December 25, 2021, there were 9,244 franchised Dunkin'® restaurants operating in the United States and an additional 3,713 operating in 39 countries.

Baskin-Robbins franchises Baskin-Robbins® restaurants that offer ice cream, ice cream cakes and related frozen products, beverages and other products and services. Baskin-Robbins became an Affiliated Program through an acquisition in December 2020. Baskin-Robbins has offered franchises for Baskin-Robbins® restaurants since March 2006 and, as of December 25, 2021, there were 2,276 franchised Baskin-Robbins® restaurants in the United States and an additional 5,394 operating internationally in 54 countries and Puerto Rico.

Primrose School Franchising SPE, LLC ("Primrose") is a franchisor that offers franchises for the establishment, development and operation of educational childcare facilities serving families with children from 6 weeks to 12 years old operating under the Primrose® name. Primrose's principal place of business is 3200 Windy Hill Road SE, Suite 1200E, Atlanta, Georgia 30339. Primrose became an Affiliated Program through an acquisition in June 2008. Primrose and its affiliates have been franchising since 1988 and, as of December 31, 2021, had 465 franchised facilities. Primrose has not offered franchises in any other line of business.

Pet Valu Canada Inc. ("Pet Valu") is a franchisor that offers franchises for specialty retail stores operating under the trademark Pet Valu® that sell food and supplies for dogs, cats, birds, fish, reptiles and small animals. Pet Valu's principal place of business is 130 Royal Crest Court, Markham, Ontario, Canada L3R 0A1. Pet Valu became an Affiliated Program through an

acquisition in August 2009. Pet Valu has been franchising since 1987. As of January 2, 2022, the Pet Valu enterprise operated stores in Canada under 5 different banners: (i) 633 Pet Valu-branded stores, with 406 franchised stores and 227 company-owned stores; (ii) 16 Paulmac's Pet Foods-branded stores consisting of 14 franchised and 2 company-owned stores; (iii) 80 Bosley's Pet Food Plus-branded stores in British Columbia, Canada consisting of 36 franchised and 44 company-owned stores; (iv) 9 company-owned Tisol-branded stores; and (v) 16 company-owned Total Pet-branded stores. Pet Valu stores have not offered franchises in any other line of business and currently only offers franchises for the operation of Pet Valu stores in Canada. Pet Supermarket, an affiliate of Pet Valu through common ownership and/or control, operated 218 Pet Supermarket company-owned stores at the end of fiscal year 2021.

ME SPE Franchising, LLC ("Massage Envy") is a franchisor of businesses that offer professional therapeutic massage services, facial services and related goods and services under the name "Massage Envy®" since 2019. Massage Envy's principal place of business is 14350 North 87th Street, Suite 200, Scottsdale, Arizona 85260. Massage Envy's predecessor began operation in 2003, commenced franchising in 2010, and became an Affiliated Program through an acquisition in 2012. As of December 31, 2021, there were 1,110 franchised Massage Envy locations operating in the United States. Additionally, Massage Envy's predecessor previously sold franchises for regional developers, who acquired a license for a defined region in which they were required to open and operate a designated number of Massage Envy locations either by themselves or through franchisees that they would solicit. As of December 31, 2021, there were 10 regional developers operating 12 regions in the United States. Massage Envy has not offered franchises in any other line of business.

CKE Inc. ("CKE"), through 2 indirect, wholly-owned subsidiaries (Carl's Jr. Restaurants LLC and Hardee's Restaurants LLC), owns, operates and franchises quick serve restaurants operating under the Carl's Jr.® and Hardee's® trade names and business systems. Carl's Jr. restaurants and Hardee's restaurants offer a limited menu of breakfast, lunch and dinner products featuring charbroiled 100% Black Angus Thickburger® sandwiches, Hand-Breaded Chicken Tenders, Made from Scratch Biscuits and other related quick serve menu items. A small number of Hardee's restaurants offer Red Burrito® Mexican food products through a Dual Concept Restaurant. A small number of Carl's Jr. restaurants offer Green Burrito® Mexican food products through a Dual Concept Restaurant. CKE's principal place of business is 6700 Tower Circle, Suite 1000, Franklin, Tennessee 37067. In December 2013, CKE became an Affiliated Program through an acquisition. Hardee's restaurants have been franchised since 1961. As of January 31, 2022, there were 202 company-operated Hardee's restaurants, including 12 Hardee's/Red Burrito Dual Concept restaurants, and there were 1,550 domestic franchised Hardee's restaurants, including 150 Hardee's/Red Burrito Dual Concept restaurants. Additionally, there were 425 franchised Hardee's restaurants operating outside the United States. Carl's Jr. restaurants have been franchised since 1984. As of January 31, 2022, there were 48 company-operated Carl's Jr. restaurants, and there were 1,018 domestic franchised Carl's Jr. restaurants, including 270 Carl's Jr./Green Burrito Dual Concept restaurants. In addition, there were 566 franchised Carl's Jr. restaurants operating outside the United States, including 1 Carl's Jr./Green Burrito Dual Concept restaurant. Neither CKE nor its subsidiaries that operate the above-described franchise systems have offered franchises in any other line of business.

ServiceMaster Systems LLC is the direct parent company to 5 franchisors operating in the United States: AmeriSpec SPE LLC ("AmeriSpec"), Furniture Medic SPE LLC ("Furniture Medic"), Merry Maids SPE LLC ("Merry Maids"), ServiceMaster Clean/Restore SPE LLC ("ServiceMaster"), and Two Men and a Truck SPE LLC ("Two Men and a Truck"). AmeriSpec, Furniture Medic, Merry Maids, and ServiceMaster became Affiliated Programs through an acquisition in December 2020. Two Men and a Truck became an Affiliated Program through an acquisition on August 3, 2021. The 5 franchisors have a principal place of business at One Glenlake Parkway, Suite 1400, Atlanta, Georgia 30328 and have never offered franchises in any other line of business.

AmeriSpec franchises home and commercial inspection businesses under the AmeriSpec® mark. AmeriSpec's predecessor began offering franchises in 1988. As of December 31, 2021, AmeriSpec had 182 franchises in the United States.

Furniture Medic franchises furniture restoration, repair, and refinishing businesses under the Furniture Medic® mark. Furniture Medic's predecessor began offering franchises in August 1992. As of December 31, 2021, Furniture Medic had 195 franchises in the United States.

Merry Maids franchises residential house cleaning businesses under the Merry Maids® mark. Merry Maids' predecessor began business and started offering franchises in 1980. As of December 31, 2021, Merry Maids had 996 franchises in the United States.

Two Men and a Truck franchises businesses that provide moving services and related products and services, including packing, unpacking and the sale of boxes and packing materials under the Two Men and a Truck® mark. Two Men and a Truck's predecessor began offering franchises in February 1989. As of December 31, 2021, Two Men and a Truck had 284 franchises and 3 company-owned locations operating in the United States.

ServiceMaster franchises (i) businesses that provide disaster restoration and heavy-duty cleaning services to residential and commercial customers under the ServiceMaster Restore® mark and (ii) businesses that provide contracted janitorial services and other cleaning and maintenance services under the ServiceMaster Clean® mark. ServiceMaster's predecessor began offering franchises in 1952. As of December 31, 2021, ServiceMaster had 713 ServiceMaster Clean franchises and 2,294 ServiceMaster Restore franchises operating in the United States.

Affiliates of ServiceMaster Systems LLC also offer franchises for operation outside the United States. Specifically, ServiceMaster of Canada Limited offers franchises in Canada, ServiceMaster Limited offers franchises in Great Britain, and Two Men and a Truck offers franchises in Canada and Ireland.

NBC Franchisor LLC ("NBC") franchises gourmet bakeries which offer and sell specialty bundt cakes, other food items and retail merchandise under the Nothing Bundt Cakes® mark. NBC's predecessor began offering franchises in May 2006. NBC became an Affiliated Program through an acquisition in May 2021. NBC has a principal place of business at 4560 Belt Line Road, Suite 350, Addison, Texas 75001. As of December 31, 2021, there were 409 Northing Bundt Cake franchises and 16 company-owned locations operating in the United States. NBC has never offered franchises in any other line of business.

Mathnasium Center Licensing, LLC ("Mathnasium") franchises learning centers that provide math instruction using the Mathnasium® system of learning. Mathnasium began offering franchises in late 2003. Mathnasium became an Affiliated Program through an acquisition in November 2021. As of December 31, 2021, there were 948 Mathnasium franchises in the United States and its parent company operated 3 Mathnasium centers in the United States. Mathnasium has never offered franchises in any other line of business. Affiliates of Mathnasium also offer franchises for operation outside the United States. Mathnasium Center Licensing Canada, Inc. has offered franchises for Mathnasium centers in Canada since May 2014. As of December 31, 2021, there were 87 franchised Mathnasium centers in Canada. Mathnasium International Franchising, LLC has offered franchises outside the United States and Canada since May 2015. As of December 31, 2021, there were 65 franchised Mathnasium centers outside the United States and Canada. Mathnasium, Mathnasium Center Licensing Canada, Inc. and Mathnasium International Franchising, LLC have a principal place of business at 5120 West Goldleaf Circle, Suite 400, Los Angeles, California 90056 and none of them has ever offered franchises in any other line of business.

i9 Sports, LLC ("i9") franchises businesses that operate, market, sell and provide amateur sports leagues, camps, tournaments, clinics, training, development, social activities, special events, products and related services under the i9 Sports® mark. i9 began offering franchises in November 2003. i9 became an Affiliated Program through an acquisition in September 2021. i9 has a principal place of business at 9410 Camden Field Parkway, Riverview, Florida 33578. As of December 31, 2021, there were 192 i9 Sports franchises and 1 company-owned location. i9 has never offered franchises in any other line of business.

None of the affiliated franchisors are obligated to provide products or services to you; however, you may purchase products or services from these franchisors if you choose to do so.

Except as described above, we have no other parents, predecessors or affiliates that must be included in this Item.

Secured Financing Transaction

As part of a secured financing transaction which closed in July 2020 (the "Secured Financing Transaction"), we became the franchisor of franchised FIX AUTO Shops. We also acquired the rights to all U.S. trademarks, trademark licensing rights and certain intellectual property relating to the operation of FIX AUTO Shops. FUSA Properties became the owner of certain FIX AUTO Shops as part of the Secured Financing Transaction.

Under a management agreement with Driven Brands, Driven Brands provides the required support and services to FIX AUTO franchisees under their franchise agreements. Driven Brands also acts as our franchise sales agent. We will pay management fees to Driven Brands for these services. It is anticipated that Driven Brands will delegate certain of these responsibilities to Our Predecessor and to other affiliates, including Driven Brands Shared Services. However, as the franchisor, we will be responsible and accountable to you to make sure that all services we promise to perform under your Franchise Agreement or other agreement you sign with us are performed in compliance with the applicable agreement, regardless of who performs these services on our behalf.

Driven Brands and various entities affiliated with Driven Brands have entered into several secured financing transactions prior to the Secured Financing Transaction (and may enter into other securitization/financing transactions in the future). These transactions have and may in the future result in restructuring of various Driven Brands affiliates.

Our Business Activities and the Franchises to be Offered

We offer franchises for the establishment and operation of a FIX AUTO® automobile collision repair facility (a "FIX AUTO Shop"), which may be a conversion of an existing automobile repair facility, subject to meeting our other qualifications, or a new business.

We grant franchises for the operation of a single FIX AUTO Shop at a single location within a defined non-exclusive territory under the terms of the Franchise Agreement (the "Franchised Business"). The Franchise Agreement is signed by us, by you, and by those of your principals whom we designate as the principal franchisee-operator(s) (the "Designated Operator(s)") of the Franchised Business. The Designated Operator(s) (there may be up to 2 such individuals but only one address to which we communicate to regarding the franchise) named has the authority to act for you in all matters relating to the FIX AUTO Shop, including voting responsibilities. By signing the Franchise Agreement, you and the Designated Operator(s) agree to be individually bound by certain obligations in the Franchise Agreement, including covenants concerning confidentiality and non-competition, and to personally guarantee your performance under the Franchise Agreement.

We and/or our affiliates have entered into agreements with certain insurance companies ("Corporately Managed Insurance Programs" or "CMIPs") under the terms of which CMIP partners may provide preferred access to participation in their direct repair programs ("DRPs") or performance-based agreements ("PBAs"). In order to participate in the CMIPs of one or more of these insurance carriers, you will enter into our then-current form of Service Level Agreement (the "Service Level Agreement"), which includes our minimum requirements and carrier requirements for participation in the programs. Our current form of Service Level Agreement is attached to this Disclosure Document as **Exhibit J**.

In addition to the Marks, the System developed by us and our predecessors includes certain standards with respect to the nature and quality of the FIX AUTO Shops, as well as the related services, including a FIX AUTO confidential operational manual (the "Operations Playbook") or other written directives issued by us, technical assistance in the development of FIX AUTO Shops and their on-going success based on defined and uniform specifications with respect to color schemes, layouts, equipment, supply, personnel recruiting, hiring and training, marketing and advertising, record keeping and reporting, unique customer follow-up and quality control programs, and other distinctive elements, all of which may be changed, improved and further developed by us or our parent periodically.

We understand, in most instances, you are already operating an automobile collision repair facility (your "Pre-existing Business") and, to the extent the standards currently employed by you meet or exceed the standards proposed by us, you will not be required to alter your pre-existing methods and standards.

Each FIX AUTO Shop is intended to be devoted to the repair of vehicles. The target market is the general public, automobile dealerships, insurance companies and agencies, and fleet accounts.

The collision repair business is well-developed and non-seasonal. You will compete with numerous other businesses, including automobile dealerships, which have automobile collision repair shops, and independently owned local auto body shops, as well as shops that belong to other national and regional automotive repair shop systems.

We do not do business under any other names. Neither we nor Our Predecessor have offered franchises in any other line of business. Neither we nor Our Predecessor have operated a FIX AUTO Shop, although as noted our affiliate and its predecessors and their affiliates operate or have operated FIX AUTO Shops.

Industry Specific Regulations

Your Franchised Business will be subject to various federal, state and local laws, and regulations affecting the business, including federal, state and local environmental laws and regulations and various health, sanitation, hazardous waste disposal, safety and fire standards. You may need the local fire marshals or other local, state or federal agency's permission before you begin operations. In addition, there may be local licensing and employment regulations. You should examine these and other laws before purchasing a franchise.

You should consult with your attorney, and local and state agencies/authorities, before buying a FIX AUTO franchise to determine if there are any specific regulations you must comply with as it relates to offering the applicable products and services to consumers in your state and consider the effects on you and the cost of compliance. These requirements can affect a broad scope of your operations, including location selection, facility standards, and hiring of personnel, among other things.

The Payment Card Industry Data Security Standard ("PCI DSS") requires that all companies that process, store, or transmit credit or debit card information maintain a secure environment. PCI DSS applies to all merchants, regardless of size or number of transactions that accept, transmit or store any cardholder data.

This Disclosure Document sets forth the terms and conditions on which we currently offer franchises. We reserve the right, in our sole discretion, to award, or not award, a FIX AUTO franchise to you, regardless of the stage of the franchise award process, costs expended by you or otherwise. Also, there may be instances in which we will vary the terms on which we offer franchises to suit circumstances of a specific transaction.

ITEM 2 BUSINESS EXPERIENCE

Jonathan Fitzpatrick: Chief Executive Officer and President of FUSA; Chief Executive Officer and President of FUSA Properties; Chief Executive Officer and President of Driven Brands

Mr. Fitzpatrick has been our President and Chief Executive Officer since in or about April 2020. Mr. Fitzpatrick has been President and Chief Executive Officer of FUSA Properties since in or about April 2020. Mr. Fitzpatrick was appointed to the office of Chief Executive Officer and President and to serve on the Board of Directors of Driven Brands and the Board of Managers of various Driven Brands' affiliates in July 2012.

Scott O'Melia: Executive Vice President and Secretary of FUSA; Executive Vice President, and Secretary of FUSA Properties; Director, Executive Vice President, General Counsel, and Secretary of Driven Brands

Mr. O'Melia has served as our Executive Vice President, and Secretary since in or about April 2020. Mr. O'Melia also has served as Executive Vice President, and Secretary of FUSA Properties since in or about April 2020. In addition, Mr. O'Melia has served as Director, Executive Vice President, General Counsel, and Secretary of Driven Brands since May 2020. Mr. O'Melia also has served as Manager, Executive Vice President, and Secretary of various Driven Brands affiliates since May 2020. From May 2019 to April 2020, Mr. O'Melia was in between positions. From April 2012 to April 2019, Mr. O'Melia served as General Counsel and Vice President of Corporate Development of Caraustar Industries, located in Austell, Georgia.

Tiffany Mason: Executive Vice President and Chief Financial Officer of FUSA, FUSA Properties and Driven Brands

Ms. Mason has been our Executive Vice President and Chief Financial Officer since in or about April 2020. She has been the Executive Vice President and Chief Financial Officer of FUSA Properties since in or about April 2020 and the Executive Vice President and Chief Financial Officer of Driven Brands and various Driven Brands affiliates since March 2020. Ms. Mason was in between positions from November 2019 to February 2020. From March 2013 to October 2019, Ms. Mason held various positions with Lowe's Companies, Inc., located in Mooresville, North Carolina, including Senior Vice President, Corporate and Finance Treasurer and Vice President, Finance and Treasurer.

Michael Macaluso: Executive Vice President & Group President, Paint, Collision and Glass for Driven Brands

Mr. Macaluso has served as Executive Vice President & Group President, Paint, Collision and Glass for Driven Brands since January 2020. Mr. Macaluso was appointed to serve on the Board of Directors of Carstar Canada SPV GP Corporation, located in Hamilton, Ontario, Canada, and various Driven Brands' Canadian affiliates in July 2020. Mr. Macaluso also has served as President of Pro Oil Canada GP Corporation, located in Hamilton, Ontario, Canada, since July 2017; President of CARSTAR Canada GP Corporation, located in Hamilton, Ontario, Canada, since February 2015; and President of Take 5 Canada GP Corporation, located in Hamilton, Ontario, Canada, since May 2019. From February 2016 to December 2019, Mr. Macaluso served as Brand President for CARSTAR.

Dean Fisher: President, Collision Group for Driven Brands

Mr. Fisher has been President, Collision Group for Driven Brands since May 2020. From October 2019 to April 2020, Mr. Fisher was Brand President for CARSTAR and CARSTAR Franchise Systems, Inc. From June 2017 to October 2019, Mr. Fisher served as Chief Operations Officer for CARSTAR Franchise Systems, Inc. From February 2017 to June 2017, Mr. Fisher was Chief Growth Officer for CARSTAR Franchise Systems, Inc.

Sabrina Thring: Chief Operating Officer, Collision for Driven Brands

Ms. Thring has served as Chief Operating Officer, Collision for Driven Brands since January 2021. From July 2020 to December 2020, Ms. Thring was Chief Operating Officer for FUSA. From January 2020 to June 2020, Ms. Thring was Vice President, Strategy & Analytics for Maaco. Ms. Thring was Vice President, MSO Operations for Maaco from January 2018 to December 2019, and Chief Financial Officer, Paint and Collision for Driven Brands from January 2017 to December 2017.

Dennis O'Mahoney: Senior Vice President of Operations, Collision for Driven Brands

Mr. O'Mahoney has been Senior Vice President of Operations, Collision for Driven Brands since January 2022. From July 2020 to December 2021, Mr. O'Mahoney was Vice President of Business Development for FUSA. From September 2018 to June 2020, Mr. O'Mahoney was Vice President of Business Development for Our Predecessor, located in San Diego, California. From August 2015 to September 2018, Mr. O'Mahoney was the Executive Vice President of the Independent Automotive Damage Appraisers Association, located in Richardson, Texas. From February 2013 to August 2018, Mr. O'Mahoney was self-employed as a business and technology advisor to the insurance industry in Gilbert, Arizona and Richardson, Texas.

Ted Rippey: Senior Vice President of Franchise Development for Driven Brands

Mr. Rippey has been Senior Vice President of Franchise Development for Driven Brands since January 2020. From January 2017 to December 2019, Mr. Rippey served as Vice President of Franchising for Take 5.

Brian Newberry: Vice President of Franchise Development, Collision for Driven Brands

Mr. Newberry has been Vice President of Franchise Development, Collision for Driven Brands since January 2020. From March 2016 to January 2020, Mr. Newberry was Director of Franchise Development for CARSTAR.

Landon Thompson: Vice President, Operations

Mr. Thompson has served as Vice President, Operations for FUSA since in or about July 2020. He was Vice President of Operations for Our Predecessor from January 2018 to June 2020 in San Diego, California. He was Director of Field Operations of Our Predecessor from April 2015 to January 2018.

ITEM 3 LITIGATION

Pending Action

Mondofix, Inc. v. 79411 USA, Inc., American Arbitration Association, Case No. 01-20-0005-3820. On May 29, 2020, Mondofix, Inc., the licensor of the FIX AUTO trademarks in the United States ("Mondofix"), filed an arbitration demand against 79411 USA, Inc., the named licensee, alleging claims arising out of the sale of 79411 USA, Inc. to Driven Brands in April 2020. Mondofix amended its demand on January 4, 2021. The amended demand asserts claims for violations of the transfer provisions of the California Franchise Relations Act, breaches of the transfer and trademark use provisions of the parties' trademark license agreement, and statutory unfair competition under California law. The amended demand seeks rescission of Driven Brands' purchase of 79411 USA, Inc.; a declaration that Mondofix is entitled to terminate the trademark license agreement; an injunction against, and disgorgement of profits arising from, the unauthorized use of the FIX AUTO trademarks; and compensatory damages in an unspecified amount, as well as attorneys' fees, interest and costs. On February 25, 2021, we filed a demand for arbitration of counterclaims against Mondofix arising out of its alleged unauthorized use of the FIX AUTO trademarks in the United States. The counterclaim demand asserts claims for breach of the trademark license agreement, breach of the implied covenant of good faith and fair dealing, and statutory unfair competition under federal law and California law. The counterclaim demand seeks an injunction against further unauthorized use by Mondofix of the FIX AUTO trademarks in the United States, an order requiring Mondofix to transfer exclusive ownership of the FIX AUTO trademarks to us, a declaration that the trademark license agreement is subject to immediate termination, and compensatory damages in an unspecified amount, as well as attorneys' fees, interest and costs. An arbitration hearing was held on March 28-April 5, 2022, and a final award is expected in August 2022.

Concluded Actions

79411 USA, Inc. and FUSA, Inc. v. Mondofix, Inc., Canadian Commercial Arbitration Centre ("CCAC"), filed August 24, 2017. Our Predecessor and 79411 USA, Inc. (together, "Petitioners") filed a Request for Arbitration ("Request") with the CCAC pursuant to the terms of the December 17, 2008 Second Amended and Restated License Agreement ("License Agreement") between 79411 USA, Inc. and Mondofix, the Canadian owner and licensor of the FIX AUTO trademarks. Petitioners claimed that Mondofix wrongfully attempted to terminate the License Agreement and seek, among other things, an award that: (1) the License Agreement has not been terminated and remains in full force and effect; (2) the License Agreement has automatically renewed for a 10-year term on September 17, 2017, pursuant to its terms; (3) renewal is perpetual for 10-year periods so long as Petitioners are in substantial compliance; (4) Mondofix has acted in bad faith and has, through its strategy, conduct, and scheme to terminate the License Agreement, irreparably harmed Petitioners; (5) Mondofix has breached the implied covenant of good faith and fair dealing; (6) Mondofix has engaged in unfair business practices; and (7) Petitioners are entitled to mandatory and prohibitory injunctive relief. Petitioners sought monetary damages and other equitable remedies. On August 29, 2017, Mondofix and Petitioners entered a "standstill" agreement, agreeing that they would honor the arbitration provision set forth in the License Agreement and, most importantly, that Mondofix would cease and desist, forbear, and/or otherwise refrain from taking any action the intent or effect of which would or could be to limit,

derogate, and/or otherwise detract from Petitioners' rights under the License Agreement pending the conclusion of the arbitration process. On October 16, 2017, Mondofix Answered Petitioners' Request by generally denying Petitioners' claims and asserting certain affirmative defenses. Beginning on September 16, 2019, a 4-week arbitration hearing was held in Montreal, Canada, before a 3-judge panel of arbitrators (the "Tribunal"). On January 30, 2020, the Tribunal unanimously found in favor of the Petitioners determining that the License Agreement had not been terminated and remains in full force and effect and is considered renewed starting September 15, 2017 until September 14, 2027. The Tribunal also awarded Petitioners attorneys' fees and costs.

Driven Affiliate Subject to Currently Effective Injunctive Order

State of Arizona, et rel., Thomas C. Horne, Attorney General vs. Econo Lube N' Tune, Inc., Case No. CV2011-018783, in the Superior Court of the State of Arizona in and for the County of Maricopa. On October 13, 2011, Econo Lube N' Tune, Inc., a predecessor of Econo Lube (our affiliate), entered into a consent judgment with the State of Arizona that grew out of an investigation of the specific operations of a company-owned Econo Lube N' Tune® center located in Phoenix, Arizona. The investigation alleged that the center manager unnecessarily changed out an air-conditioning compressor on a customer's vehicle. As a result of the investigation, the State alleged violations of A.R.S. § 44-1522 (the State's consumer protection act). Econo Lube N' Tune, Inc. denied all of the allegations in the State's complaint that was filed contemporaneously with the consent judgment. As a means to settle these allegations, the parties agreed to a consent judgment wherein, without agreeing to any of the allegations in the complaint, an agreed injunction was entered into by Econo Lube N' Tune, Inc. stipulating that it would not commit any unfair trade practices against its customers. The injunction also prohibits the company from further employing the center manager who allegedly committed these alleged unfair practices. As part of the consent judgment, Econo Lube N' Tune, Inc. agreed to pay the State of Arizona $30,000 in civil penalties and $10,494.63 in attorneys' fees.

Disclosures Regarding Affiliated Programs

The following affiliates that offer franchises resolved actions brought against them with settlements that involved their becoming subject to currently effective injunctive or restrictive orders or decrees. None of these actions have any impact on us or our brand nor allege any unlawful conduct by us.

The People of the State of California v. Arby's Restaurant Group, Inc. (California Superior Court, Los Angeles County, Case No. 19STCV09397, filed March 19, 2019). On March 11, 2019, our affiliate, Arby's Restaurant Group, Inc. ("ARG"), entered into a settlement agreement with the states of California, Illinois, Iowa, Maryland, Massachusetts, Minnesota, New Jersey, New York, North Carolina, Oregon and Pennsylvania. The Attorneys General in these states sought information from ARG on its use of franchise agreement provisions prohibiting the franchisor and franchisees from soliciting or employing each other's employees. The states alleged that the use of these provisions violated the states' antitrust, unfair competition, unfair or deceptive acts or practices, consumer protection and other state laws. ARG expressly denies these conclusions, but decided to enter into the settlement agreement to avoid litigation with the states. Under the settlement agreement, ARG paid no money but agreed (a) to remove the disputed provision from

its franchise agreements (which it had already done); (b) not to enforce the disputed provision in existing agreements or to intervene in any action by the Attorneys General if a franchisee seeks to enforce the provision; (c) to seek amendments of the existing franchise agreements in the applicable states to remove the disputed provision from the agreements; and (d) to post a notice and ask franchisees to post a notice to employees about the disputed provision. The applicable states instituted actions in their courts to enforce the settlement agreement through Final Judgments and Orders, Assurances of Discontinuance, Assurances of Voluntary Compliance, and similar methods.

The People of the State of California v. Dunkin' Brands, Inc. (California Superior Court, Los Angeles County, Case No. E25636618, filed March 19, 2019). On March 14, 2019, our affiliate, Dunkin Brands, Inc. ("DBI"), entered into a settlement agreement with the Attorneys General of 13 states and jurisdictions concerning the inclusion of "no-poaching" provisions in Dunkin' restaurant franchise agreements. The settling states and jurisdictions included California, Illinois, Iowa, Maryland, Massachusetts, New Jersey, New York, North Carolina, Pennsylvania, Rhode Island, Vermont, and the District of Columbia. A small number of franchise agreements in the Dunkin' system prohibit Dunkin' franchisees from hiring the employees of other Dunkin' franchisees and/or DBI's employees. A larger number of franchise agreements in the Dunkin' system contain a no-poaching provision that prevents Dunkin' franchisees and DBI from hiring each other's employees. Under the terms of the settlement, DBI agreed not to enforce either version of the no-poaching provision or assist Dunkin' franchisees in enforcing that provision. In addition, DBI agreed to seek the amendment of 128 franchise agreements that contain a no-poaching provision that bars a franchisee from hiring the employees of another Dunkin' franchisee. The effect of the amendment would be to remove the no-poaching provision. DBI expressly denied in the settlement agreement that it had engaged in any conduct that had violated state or federal law and, furthermore, that the settlement agreement should not be construed as an admission of law, fact, liability, misconduct, or wrongdoing on the part of DBI. The Attorney General of the State of California filed the above-reference lawsuit in order to place the settlement agreement in the public record, and the action was closed after the court approved the parties' stipulation of judgment.

New York v. Dunkin' Brands, Inc. (N.Y. Supreme Court for New York County, Case No. 451787/2019, filed September 26, 2019). In this matter, the N.Y. Attorney General (the "NYAG") filed a lawsuit against our affiliate, DBI, related to credential-stuffing cyberattacks during 2015 and 2018. The NYAG alleged that the cyber attackers used individuals' credentials obtained from elsewhere on the Internet to gain access to certain information for DD Perks customers and others who had registered a Dunkin' gift card. The NYAG further alleged that DBI failed to adequately notify customers and to adequately investigate and disclose the security breaches, which the NYAG alleged violated the New York laws concerning data privacy as well as unfair trade practices. On September 21, 2020, without admitting or denying the NYAG's allegations, DBI and the NYAG entered into a consent agreement to resolve the State's complaint. Under consent order, DBI agreed to pay $650,000 in penalties and costs, issue certain notices and other types of communications to New York customers, and maintain a comprehensive information security program through September 2026, including precautions and response measures for credential-stuffing attacks.

Except for the above actions, no litigation is required to be disclosed in this Item.

ITEM 4 BANKRUPTCY

No bankruptcies are required to be disclosed in this Item.

ITEM 5 INITIAL FEES

Initial Franchise Fee

You must pay to us an "Initial Franchise Fee" of $10,000 in a lump sum when you sign the Franchise Agreement. The Initial Franchise Fee is considered fully earned upon payment, and there are no refunds under any circumstances. In 2021, franchisees paid Initial Franchise Fees ranging from $0 to $10,000.

Integration Fee

In addition to the Initial Franchise Fee, when you sign the Franchise Agreement, you must pay us a nonrefundable integration fee (the "Integration Fee") in the amount of $10,000 in a lump sum in connection with our FIX AUTO Integration Program ("FIX AUTO Integration"). If you are an existing FIX AUTO franchisee and you commit to develop an additional FIX AUTO Shop, however, you will not be required to pay us the Integration Fee in connection with that FIX AUTO Shop. The Integration Fee is fully earned by us when you sign the Franchise Agreement. In order to be eligible to participate in our programs that are offered as part of our System, such as insurance, procurement, and marketing, you must complete FIX AUTO Integration within 15 weeks after the effective date of the Franchise Agreement. FIX AUTO Integration is described in greater detail in Item 11.

Discounts and Incentive Programs

We may periodically implement other discounts or incentive programs to encourage franchise system growth. Under those discounts or incentive programs, we may, among other things, waive or reduce the Initial Franchise Fee and/or the Integration Fee or modify the payment timing of those fees. We reserve the right to modify or discontinue any discounts or incentive programs at any time in our sole discretion.

ITEM 6 OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Base Fee[1]	3% of Monthly Gross Sales[2] (A minimum $2,000 per month, and maximum $7,500 per month)	Payable monthly on or before the 20th day of each calendar month (Billed by Monthly Invoice)	The fee will be discounted according to your use of certain Preferred Suppliers and your meeting our Performance Standards (defined in Item 12). We may increase the Base Fee annually, but not more than 5% in any year.[3]

Type of Fee	Amount	Due Date	Remarks
Growth Fee[4]	3% of Gross Sales growth for a particular quarter	Payable quarterly on or before the 20th day of the calendar month in which the fee is due (Billed by Quarterly Invoice)	This fee will be discounted if you own multiple FIX AUTO Shops.
Advertising Fee	0.75% of Gross Sales (Maximum $950 per month)[5]	On or before the 20th day of each calendar month (Billed by Monthly Invoice)	The fee covers the Advertising Program for your DMA (both defined in Item 11).
Additional Marketing Campaigns (Regions)	Varies (Annual amount not to exceed $10,000, without either a majority vote of franchisees or your prior written consent)	As incurred	Periodically, your region may elect by a majority vote of the franchisees within your region to conduct additional, unbudgeted advertising. You will be responsible for your share of these funds which will be added to your monthly invoice.
Late Fees	The greater of the highest applicable legal rate for open account business credit, or 1.5% per month	After due date	Applies to all amounts not paid when due, until paid in full. We may also require you to pay an administrative fee of $50 for each late payment.
Insurance Policies[6]	Amount of unpaid premium	On demand	Payable only if you fail to maintain required insurance coverage and we elect to obtain coverage for you.
Transfer Fee	$7,500	At the time of transfer	This transfer fee does not apply to an assignment of interest to a corporation or limited liability company, wholly owned by you.
Renewal Processing Fee	Timely renewal: $1,000 Delayed renewal: $10,000	At time of renewal	If you fail to timely renew your franchise in accordance with the terms of the Franchise Agreement, the Renewal Fee will be increased to $10,000.

Type of Fee	Amount	Due Date	Remarks
Central Review Fee	Our then-current fee, equal to a percentage of all Gross Sales generated by CMIPs, subject to increase upon 30 days' prior written notice to you (Currently, 0% of Gross Sales; we may increase this fee and charge up to 2% of Gross Sales)	Payable monthly on or before the 20th day of each calendar month (Billed by Monthly Invoice)	Currently, we do not charge a Central Review Fee, although we reserve the right to do so in the future. The Central Review Fee is applied towards the costs of the central review program, including the cost of managing and administering DRPs, and negotiating and administering contracts, with auto insurance companies and other third parties, and may be applied to additional insurance programs that mandate our central review oversight.
Non-reporting Fee	$750 per month	Within 3 business days of receipt of written notification that the report is past due	Due if you do not file all required reports.
Training Fee	$299 per year	Payable on the 15th day of January of each year	Payable for access to web-based training (Collision University, the intranet and learning platform). This fee is subject to change upon 30 days' prior written notice. This fee is prorated for new franchisees and will be due on the 15th day of the fourth month after the effective date of the Franchise Agreement. Includes annual license fees and content development.
Additional Training	$1,500 per day plus expenses	At time of service	Additional training is at your cost.

Type of Fee	Amount	Due Date	Remarks
Audit	Cost of audit, including the charges of any independent accountant and/or third-party vendor and attorneys' fees, and per diem fees and costs of our employees, related travel and lodging and other out-of-pocket costs, plus interest	On demand	Payable if the audit is made necessary by your failure to provide reports, supporting records, or other information, as required under the Franchise Agreement, or the audit discloses an understatement in any report of 2% or more.
Cost of Enforcement or Defense	All costs including attorneys' fees	Upon settlement or conclusion of claim or action	You will reimburse us for all costs in enforcing our obligations concerning the Franchise Agreement if we prevail.
Indemnification	Will vary under circumstances	As incurred	You must reimburse us and our affiliates if we or they are held liable for claims arising from your Franchised Business's development or operation or your breach of the Franchise Agreement.
Promotional Items	$10 - $1,000	Monthly upon order	FUSA will provide various promotional materials with the FIX AUTO logo which you may purchase.
National Conference Attendance	$700 - $1,000	Annually, prior to date of conference	One owner or manager from each FIX AUTO Shop is required to pay for and attend the national conference. This conference is held in various locations throughout the United States. This fee is for registration only and does not include the cost of travel or accommodations.

Type of Fee	Amount	Due Date	Remarks
fixautousa.com Fee	$25 per month for up to 5 e-mail addresses $50 per month for 5 to 10 e-mail addresses	Payable monthly on or before the 20th day of each calendar month (Billed by Monthly Invoice)	We will assign you and certain Franchised Business employees e-mail addresses at our fixautousa.com domain. To maintain uniformity of the naming convention, you may not modify/change the accounts we provide. We will communicate with you by e-mail only through the e-mail address we provide to you on the fixautousa.com domain.
Liquidated Damages for Termination of Franchise Agreement for Violations of Transfer Provisions of Franchise Agreement[7]	Varies (See Note 7)	On demand	If we terminate the Franchise Agreement due to a sale, assignment or transfer by you in breach of the Franchise Agreement, you must pay us liquidated damages under Section 12.6 of the Franchise Agreement.
Non-Attendance Fee[8]	$500 per meeting	On demand	We may, at our discretion, charge you this fee if you miss more than one required franchisee meeting in a calendar year.
Liquidated Damages for Violating the Non-Disparagement Provision in the Franchise Agreement[9]	$500 for each violation	On demand	If you violate the non-disparagement provision in the Franchise Agreement, you must pay us liquidated damages.
Holdover Signage Fee	$3,500 per month	On demand	Payable, at our option, if you fail to immediately initiate and complete the de-identification of your Franchised Business within 30 days of the effective date of termination or expiration of your Franchise Agreement.

Type of Fee	Amount	Due Date	Remarks
New or Additional Fees	To be determined	To be determined	We will provide you with at least 90 days' notice before implementing any new or additional fee. These fees will be used to offset the costs of additional services that we determine to be in the best interests of the entire FIX AUTO franchise system.

All fees are uniformly imposed by and are payable to us, unless otherwise noted. No other fees or payments are to be paid to us, nor do we impose or collect any other fees or payments for any third party, although, as part of some services we provide, we may bill you for third party products or services. Any fees paid to us are non-refundable unless otherwise noted. Fees payable to third parties may be refundable based on your individual arrangements. It is possible that insurers may pay us directly for services performed by you. If this occurs, we will promptly remit payment on behalf of the insurer directly to you. We may periodically implement incentive programs to encourage franchise system growth. Under the incentive programs, we may waive or reduce the Base Fee and/or Advertising Fee payable by a franchisee for a limited period of time.

Notes:

[1] Base Fee. Payable monthly to us as described. The Base Fee may be reduced, based on your use of certain Preferred Suppliers and your meeting our Performance Standards. You must pay us a minimum Base Fee of $2,000 per month. Currently, the maximum Base Fee that you will be required to pay us is $7,500 per month. We may increase the Base Fee annually, but not more than 5% in any year. We will give you 30 days' written notice of any increase in the Base Fee.

[2] Gross Sales. The term "Gross Sales" means the total revenues you receive from the sale of goods and services at or in connection with the Franchised Business (including sublet labor and new and used replacement parts, direct labor and refinish material), less sales or similar taxes or refunds. (See Section 2.12 of the Franchise Agreement for a more complete definition.)

[3] Base Fee Discounts. The Base Fee of 3% of your monthly Gross Sales will be discounted based on your use of certain preferred suppliers ("Preferred Suppliers") and your meeting our Performance Standards, as established by the Performance Management Program. If you use one of our Preferred Suppliers of paint, either Axalta Coating Systems or PPG Industries, you will receive a 0.45% discount on the Base Fee, resulting in a Base Fee of 2.55%. You will receive an additional 0.225% discount on the Base Fee for each additional Preferred Supplier that you use. Accordingly, if you use one of our Preferred Suppliers of paint and 2 of our other Preferred Suppliers, you will receive a discount of 0.9%, resulting in a Base Fee of 2.1% of your monthly Gross Sales. Your actual supplier discount will be calculated monthly based on the number of Preferred Suppliers used by you.

In addition to the Preferred Suppliers discounts, you will also be eligible to receive Base Fee discounts based on your quarterly performance results under our Performance Management Program. If you meet or exceed our Performance Standards on a quarterly basis, you will receive an additional 0.1875% discount. In order to be eligible for a discount under our Performance Management Program, you must be using one of our Preferred Suppliers of paint, either Axalta Coating Systems or PPG Industries.

However, you will not receive any discount on the Base Fee if you purchase from Axalta Coating Systems any of the following brands of paint: Value brand paint products, including, but not limited to, Duxone, Nason XL, Montana Big Sky, Challenger, and/or Metalux.

[4] Growth Fee. The Growth Fee will be calculated on a quarterly basis by comparing the difference between your Gross Sales in a particular quarter versus the "Quarterly Base Volume." If your quarterly Gross Sales are greater than the Quarterly Base Volume, we will assess a Growth Fee of 3% on the growth amount. If your Gross Sales do not increase in the current year's quarter versus the Quarterly Base Volume, then you will not pay a Growth Fee for that particular quarter. If you own multiple FIX AUTO Shops, you will receive a discount on the Growth Fee ranging from 0.5% to 1%. Owners with 2 to 4 FIX AUTO Shops will receive a 0.5% discount, resulting in a Growth Fee of 2.5%. Owners with 5 or more FIX AUTO Shops will receive a 1% discount, resulting in a Growth Fee of 2%.

"Quarterly Base Volume" means the amount equal to the Annual Base Volume divided by 4.

"Annual Base Volume" means the average annual Gross Sales of the Franchised Business during the 3-year period immediately preceding the Franchise Agreement's effective date, which we calculate. If your Franchised Business has operated for less than 1 year as of the effective date, we will calculate the Franchised Business's Annual Base Volume by annualizing the average monthly Gross Sales of the Franchised Business from the Franchised Business's opening date to the Franchise Agreement's effective date. You must provide us all financial statements and/or other information that we reasonably request to verify the Franchised Business's Gross Sales during the 3-year period before the effective date.

[5] Maximum Amount of Advertising Fee. The maximum amount of the Advertising Fee will not exceed $950 per month, unless a majority of the FIX AUTO franchisees in a DMA agree to a higher amount.

[6] Insurance Policies. Should you not procure and maintain the insurance coverages required by us and under your Franchise Agreement, we will have the right and authority (without, however, any obligation to do so) to immediately procure such insurance coverage and to charge you for it.

[7] Liquidated Damages Calculations. If the Franchise Agreement is terminated pursuant to Section 13.1F, you must pay us, on demand, liquidated damages equal to an amount calculated as follows: (a) the number of months then remaining in the term of the Franchise Agreement as of the effective date of termination multiplied by the average monthly Advertising Fees that you owed

us during the 12-month period before the month of termination (or such lesser period that the Franchised Business has been open, if less than 12 months; provided, however, that such average monthly amount will not exceed $950 or the then agreed upon cap on the monthly Advertising Fee amount; (b) the amount of any marketing or Advertising Program Fees previously agreed upon by you and us in addition to the standard monthly Advertising Fee and which have not been paid and received by us; (c) the number of months then remaining in the term of the Franchise Agreement as of the effective date of termination multiplied by the average monthly Central Review Fees that you owed Franchisor during the 12-month period before the month of termination (or such lesser period that the Franchised Business has been open, if less than 12 months); and (d) the number of months then remaining in the term of the Franchise Agreement as of the effective date of termination multiplied by the average monthly Base Fees that you owed us during the 12-month period before the month of termination (or such lesser period that the Franchised Business has been open, if less than 12 months), but before the application of any discounts on the Base Fee on account of Preferred Suppliers you use (the "Average Monthly Base Fee"); provided, however, that such Average Monthly Base Fee amount will not exceed any cap on the monthly Base Fee amount payable by you under the Franchise Agreement (the "Base Fees LD"). Notwithstanding subpart (d), if the termination of the Franchise Agreement under Section 13.1F results from your breach of Section 12.5 of the Franchise Agreement, then the amount of Base Fees LD payable as part of the liquidated damages will be increased by an amount equal to the lesser of (1) 100% of the Base Fees LD or (2) 24 multiplied by the Average Monthly Base Fee. Your payment of liquidated damages to us is not a penalty for your breach of the Franchise Agreement, but rather a reasonable estimate of the losses we will incur as a result of your Franchised Business closing prior to the expiration of the term of the Franchise Agreement. Your obligation to pay such amounts under Section 12.6 of the Franchise Agreement will be in addition to your obligations to (A) pay all other amounts still owed under the Franchise Agreement by you to us as of the effective date of termination, and (B) adhere to your other post-termination obligations under the Franchise Agreement. Our right to receive liquidated damages is in addition to all other post-termination remedies available to us under the Franchise Agreement.

[8] Non-Attendance Fee. You or a management employee that you designate must attend monthly franchisee meetings held locally or regionally. If you or your management employee miss more than one required franchisee meeting in a calendar year, we may, at our discretion, charge you this fee for each additional meeting you fail to attend.

[9] Liquidated Damages for Violating the Non-Disparagement Provision. Disparaging remarks or negative behavior are counter-productive, damage the flow of open communications, and, if sent to third parties (including vendors, customers, or the media), can damage the brand and System, and, consequently, negatively impact both us and you. Therefore, neither you nor your respective officers, directors, shareholders, members, and owners may make any disparaging remarks, whether orally, in writing, or electronically, in any media, including via print publication or other writing, spoken communication, e-mail, or social media, concerning us, our representatives, the FIX AUTO brand, or the System. This restriction does not apply to our and your right to communicate candidly with anyone as necessary in order to: (i) comply with a legal process or with other legal agreement; (ii) convey information to a your business, legal, tax, or other similar advisers; or (iii) discuss or communicate your experience with the FIX AUTO franchise with existing or prospective franchisees pursuant to applicable law.

ITEM 7 ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

CONVERSION FIX AUTO SHOP

TYPE OF EXPENDITURE[1]	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee[2]	$10,000	Lump sum, in cash or certified check	On signing of the Franchise Agreement	FUSA
Integration Fee[3]	$10,000	Lump sum, in cash or certified check	On signing the Franchise Agreement	FUSA
Initial Training Expenses[4]	$1,500 - $2,000	As arranged	As incurred	Transportation carriers, hotel facilities, etc.
Signage[5]	$3,000 - $20,000	As arranged	As incurred	Approved Suppliers
Office Equipment/Supplies[6]	$1,500 - $5,000	As arranged	As incurred	Approved Suppliers
Initial Inventory[7]	$1,000 - $50,000	As required	As incurred	Approved Suppliers
Initial Local Advertising[8]	$2,000	As required	First 3 months of operation	Vendors
Uniforms[9]	$500 - $5,000	As arranged	As arranged	Approved Suppliers
Equipment and Fixtures[10]	$0 - $400,000	As arranged	As arranged	Approved Suppliers
Computer System and Software[11]	$20,000 - $75,000	As arranged	As arranged	Vendors and Approved Suppliers
Additional Funds – 3 months[17]	$5,000 - $250,000	As arranged	As incurred	Employees, vendors, utilities
TOTAL ESTIMATED INITIAL INVESTMENT[18]	**$54,500 - $829,000**			

YOUR ESTIMATED INITIAL INVESTMENT

NEW FIX AUTO SHOP

TYPE OF EXPENDITURE[1]	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee[2]	$10,000	Lump sum, in cash or certified check	On signing of the Franchise Agreement	FUSA
Integration Fee[3]	$10,000	Lump sum, in cash or certified check	On signing the Franchise Agreement	FUSA
Initial Training Expenses[4]	$1,500 - $2,000	As arranged	As incurred	Transportation carriers, hotel facilities, etc.
Signage[5]	$3,000 - $20,000	As arranged	As incurred	Approved Suppliers
Real Estate[12]	$10,000 - $300,000	As arranged	As incurred	Landlord
Leasehold Improvements[13]	$1,000 - $300,000	As arranged	As incurred	Approved Suppliers
Insurance[14]	$3,000 - $25,000	As arranged	Before opening Franchised Business	Insurance carrier
Utilities[15]	$0 - $5,000	As arranged	As incurred	Utility suppliers
Licenses and Permits[16]	$200 - $10,000	As arranged	As arranged	Local, state or federal government
Office Equipment/Supplies[6]	$1,500 - $5,000	As arranged	As incurred	Approved Suppliers
Initial Inventory[7]	$15,000 - $50,000	As required	As incurred	Approved Suppliers
Initial Local Advertising[8]	$2,000	As required	First 3 months of operation	Vendors
Uniforms[9]	$500 - $5,000	As arranged	As arranged	Approved Suppliers
Equipment and Fixtures[10]	$40,000 - $2,000,000	As arranged	As arranged	Approved Suppliers
Computer System and Software[11]	$20,000 - $75,000	As arranged	As arranged	Vendors and Approved Suppliers

TYPE OF EXPENDITURE[1]	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Additional Funds – 3 months[17]	$50,000 - $250,000	As arranged	As incurred	Employees, vendors, utilities
TOTAL ESTIMATED INITIAL INVESTMENT[18]	**$167,700 - $3,069,000**			

* All amounts are non-refundable unless otherwise noted.

Notes:

[1] General. The first chart shows certain expenditures required to establish and operate a conversion FIX AUTO Shop, and the second chart shows such expenditures for a new (ground-up) FIX AUTO Shop. Note that these amounts may vary widely, and the amounts you have to spend or invest may be higher or lower than the estimated amounts, depending on location, marketing conditions and other factors. We strongly recommend that you verify actual costs in your area, and for your existing or intended (as applicable) location, and prepare a business plan and have it reviewed by your own independent adviser, like an accountant, before making any commitments to us or anyone else. Due to legal restrictions, we will not prepare, review or comment on any business plan for a prospective franchisee.

All amounts payable to us are nonrefundable, unless otherwise noted. Amounts payable to suppliers/vendors are refunded according to arrangements you make with the vendor, if any. These figures are estimates of the range of your initial costs in the first 3 months of operation as a FIX AUTO Shop only. Leasing and financing are available for many of the above expenses. We do not offer direct or indirect financing, but we may assist you in obtaining working capital through other sources. See Items 5 and 6, and other parts of this Disclosure Document, for more information regarding the Initial Franchise Fee, the Integration Fee, and other costs.

[2] Initial Franchise Fee. The Initial Franchise Fee is $10,000. See Item 5 of this Disclosure Document and Section 2.1 of the Franchise Agreement for information on the Initial Franchise Fee. We do not provide financing for the Initial Franchise Fee.

[3] Integration Fee. The Integration Fee is $10,000. See Item 5 of this Disclosure Document and Section 2.2 of the Franchise Agreement for information on the Integration Fee. We do not provide financing for the Integration Fee.

[4] Initial Training Expenses. The initial training program for you and one other person is included in the Initial Franchise Fee, but all costs you incur (transportation, meals, lodging and other expenses) in connection with attending the initial training program and any other voluntary or mandatory training programs, seminars or meetings are your sole responsibility. The amount you will spend while training will depend on several factors, including the number of persons attending, the distance you must travel and the type of accommodations you choose, if any are needed.

[5] Signage. You must purchase appropriate signage for your Franchised Business that we approve. The cost of your signage may be more or less, and depends on the size, type and method of installation you choose.

[6] Office Equipment/Supplies. There is a range of expenses that will be incurred when purchasing office equipment and related supplies. Both the low-end and the high-end numbers represent a straight purchase of all supplies and equipment. The equipment will include a multi-function printer/scanner/fax machines and telephone system.

[7] Initial Inventory. The initial inventory includes paint and materials and stock parts, as needed. All other inventory is purchased on a Just-in-Time basis according to the work you will be performing.

[8] Initial Local Advertising. We anticipate that you will spend approximately $2,000 for initial local advertising after signing the Franchise Agreement.

[9] Uniforms. The range of costs covers the expense to acquire uniforms and varies by the number and types of employees you have.

[10] Equipment and Fixtures. Your Franchised Business must be equipped to meet the minimum requirements for a "Class A" Collision Center as defined in the Collision Industry Conference Definitions Committee 2005 Report. Your Franchised Business must contain and maintain all necessary equipment to perform collision repair services, a customer lobby, and an appraiser station. Your investment will vary by the type and amount of this equipment you purchase. We require that you purchase and maintain all equipment compliant with industry standards.

[11] Computer System and Software. Your Franchised Business must be equipped with a minimum computer system and software, which includes a computer and/or computer network with high-speed internet access, electronic estimating capabilities, and a CCCOne Innovate Management System, which includes estimate compliance software. You must pay an initial set-up fee ranging from $495 to $2,495 to CCC Information Services for the CCCOne Innovate System (a body shop management system with estimate compliance software). The monthly fees associated with the CCCOne Innovate System and the Update Plus Service range from $1,444 to $1,644 depending upon the number of system users. The low-end of this range represents the cost of a non-networked computer system with 2 to 3 desktop computers, and the high-end represents a multi-user network system including servers and multiple workstations.

[12] Real Estate. The high end of the initial investment represents the cost to lease a suitable location calculated at $3 per square foot for a 50,000 square foot building. The low end represents the cost to lease a suitable location calculated as $1 per square foot for a 5,000 square foot building. You may also be required to pay a security deposit equal to a month's rent. The estimate covers the first month of operation, and 1 month's rent as a security deposit.

Since rental, improvement and other real-estate-related costs can vary significantly by area, it is your responsibility to (a) independently research all applicable laws and regulations and real

estate market conditions and costs where you plan to locate and operate your Franchised Business, and (b) obtain appropriate advice from your own accountant, attorney and real estate professional, before signing any binding documents or making any investments or other commitments, whether to us or anyone else.

[13] Leasehold Improvements. The low-end of the range reflects modest improvements to a small location such as adding paint and flooring to the lobby area and the high-end reflects physical improvements to the building, including the addition of offices, a newly constructed lobby, additional bathrooms and improvements to the production area.

[14] Insurance. Insurance costs can vary widely and may be more than shown here. Insurance policies will vary depending on several factors, including the size of your Franchised Business and the number of vehicles that you regularly store on the Approved Premises (defined in Item 12). You should obtain appropriate advice from your own insurance professional before signing any binding documents or making any investments or other commitments, whether to us or anyone else.

[15] Utility Deposits. A utility deposit will be required only if you are a new customer of the utility company.

[16] Licenses and Permits. The range of costs covers the expense to acquire the required local business permits. We make no representations or assurances as to what (if any) licenses, permits, authorizations or otherwise may be required in connection with your Franchised Business. Our estimated costs include building permits, fire inspection, sales tax permit, and retail sales permits. If an electrical permit is necessary, the costs may be more. You should investigate applicable requirements in your area and the related costs, including receiving advice from regulatory agencies and your own lawyer, before making any commitments, whether to us or anyone else.

[17] Additional Funds. This is an estimate of certain funds needed to cover your business (not personal) expenses during the first 3 months of operation of your Franchised Business. It includes payroll costs and payments to vendors such as Verifacts Automotive and I-CAR, but not any draw or salary for you. (You must pay an initial $750 start-up fee to Verifacts Automotive, and then monthly fees ranging from $435 to $535 depending on the annual sales volume of your Franchised Business. Pricing for I-CAR services ranges dramatically depending on the size of your Franchised Business, and the type of training programs that you select. Currently, you must pay I-CAR $200 to $10,000 annually for these services.) Your cost will depend upon your management skill, experience and business acumen; local economic conditions; the prevailing wage rate; competition and sales of your Franchised Business during the period.

You will need capital to support ongoing costs of your business, such as taxes, loan payments and other expenses (such as insurance expenses, which are not included as a pre-opening expense for a conversion FIX AUTO Shop), to the extent that revenues do not cover business costs. New businesses (franchised or not) often have larger expenses than revenues. In addition, the estimates presented relate only to costs associated with the Franchised Business and do not cover any personal, "living," unrelated business or other expenses you may have.

We relied on the combined business experience of our affiliates and predecessors in the auto body repair business since 1984 to compile this estimate. The availability and terms of financing to you will depend upon factors such as the availability of financing in general, your credit-worthiness, the collateral security that you may have, and policies of lending institutions concerning the type of business you operate. This estimate does not include any finance charge, interest, or debt service obligation.

[18] Total Estimated Initial Investment. All of the above figures are estimates of certain initial start-up expenses. As noted above, they are not all-inclusive, and we cannot guarantee you will not have additional expenses in starting or operating your Franchised Business. The total listed above does not include compensation for your time or labor or any return on your investment. Your costs will vary depending on such factors as: how closely you follow the System; your management and marketing skills, experience and general business ability; and local and general economic conditions, including disposable income. You should review these figures carefully with a business advisor (such as an accountant) before making any commitments.

ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must follow the standards and specifications we periodically establish for the inventory and supplies, equipment, computer hardware and indoor and outdoor signs required for a FIX AUTO Shop. You are required to purchase or lease from us or our designee certain services, specifically, body shop management system software, and estimate review and compliance software. You are encouraged, but not required, to purchase from Preferred Suppliers. A current list of Preferred Suppliers is set forth in Exhibit 2.3 to the Franchise Agreement or will otherwise be provided to you in writing (the "Preferred Supplier List"). If you purchase materials from Preferred Suppliers, certain fees that you owe us will be discounted.

If you do not purchase materials from Preferred Suppliers, you must purchase from suppliers of equal quality or from a supplier that we identify as approved ("Approved Supplier"), which suppliers may include us and/or our affiliates, such as Spire Supply. (Franchise Agreement, Section 2.3) We may designate the manner or method in which purchases are made by you through Preferred Suppliers and/or Approved Suppliers.

In addition, we may designate a single supplier or multiple suppliers for any given item or service and may concentrate purchases with one or more suppliers in our business judgment. These suppliers may include, and may be limited to, us, our affiliates and/or a designee of ours. On notice by us, you will immediately cease and desist from using/offering any equipment, products, and/or services otherwise not authorized by us. (Franchise Agreement, Section 4.5)

You can request the approval of an item, product service or supplier by notifying us in writing and submitting such information and/or materials we may request. We may require you to pre-pay any reasonable charges connected with our review and evaluation of any proposal. (Franchise Agreement, Section 4.7). We will notify you in writing of our decision within a reasonable period of time following our receipt of all required documentation which, generally will be no more than 90 days.

We may condition and/or revoke our approval of particular items or suppliers as we choose. Our criteria for supplier approval are available to you. Designation of a supplier may be conditioned on factors established by us in our business judgment, including performance relating to frequency of delivery, standards of service, and payment or other consideration to us or parties designated by us. We may approve, or revoke or deny approval, of particular items or suppliers in our business judgment. We may designate a single supplier or multiple suppliers for any given item or service and may concentrate purchases with one or more suppliers in our business judgment, and there is no assurance we will designate more than one supplier for any item, including situations in which we or an affiliate are the only approved supplier. None of our officers currently own an interest in any non-affiliated, third-party suppliers that comprise the existing supply base for the FIX AUTO System.

We may negotiate volume purchase agreements with some vendors for the purchase of goods and equipment needed to operate your Franchised Business.

Our specifications and standards for purchasing are in the Operations Playbook, as modified periodically.

We and/or our affiliates may derive revenue based on your purchases and leases, including from charging you (at prices exceeding our and their costs) for services and products that we or our affiliates sell you and from promotional allowances, rebates, volume discounts, and other amounts paid to us and our affiliates by suppliers that we designate, approve, or recommend for some or all FIX AUTO Shop franchisees. We and our affiliates may use all amounts received from suppliers, whether or not based on your and other franchisees' prospective or actual dealings with them, without restriction for any purposes that we and our affiliates consider appropriate.

In fact, by discounting the fees we charge you based on how many Preferred Suppliers you use, we encourage you to purchase from certain suppliers. Except for consistency, quality, continuity, and the discount discussed above, we provide no material benefits to you, such as renewal or granting of additional franchises, based on your use of designated, Preferred or Approved Suppliers.

In fiscal year 2021, Our Predecessor received revenue from Preferred and/or Approved Suppliers for recommending and promoting their products and services to FIX AUTO franchisees. Suppliers paid Our Predecessor a percentage ranging from 1% to 16% based on purchases by FIX AUTO Shop franchisees.

In the fiscal year ending December 25, 2021, our affiliates and Our Predecessor received payments from Preferred and Approved Suppliers, based on their transactions with franchisees, totaling $3,411,120. The sources of this information are our affiliates' and Our Predecessor's financial books and records.

Entegral and CCC Information Services are Approved Suppliers of technology services to the FIX AUTO System and also sell products and services to competitors of our franchisees.

Nuventory is an Approved Supplier of technology services to the FIX AUTO System. Nuventory also sells products and services to competitors of our franchisees.

In the fiscal year ending December 25, 2021, our affiliates and Our Predecessor received revenue from the sale of other goods and services to franchisees in the amount of $612,841. The sources of this information are our affiliates' and Our Predecessor's financial books and records. The cost of goods and services, equipment and supplies purchased in accordance with our specifications will represent 50% to 75% of your total purchases in establishing the business, and 20% to 25% of your total purchases during operation of the business.

Insurance. You are obligated to procure and maintain, at your sole expense, all of the insurance coverages that we reasonably require, issued by carriers reasonably approved by us. Currently, we require that your policy or policies must be written by an insurance company licensed in the state in which you operate your Franchised Business. The insurance company must have at least an "A" Rating Classification as indicated in A.M. Best's Key Rating Guide in accordance with standards and specifications set forth in the Operations Playbook. The standards may vary depending on the size of your Franchised Business or other factors, such as what is customary for businesses of your type in your area, but we typically require:

1. All "**Risks**" or "**Special**" form coverage insurance on all furniture, fixtures, equipment, supplies and other property used in the operation of the Franchised Business;

2. Workers' Compensation with statutory limits, as required by law in the jurisdiction where the Franchised Business is located; and Employers Liability (or "Stop Gap" insurance for monopolistic states), with limits of not less than $1,000,000 each accident, $1,000,000 each employee for disease, and $1,000,000 policy aggregate for disease;

3. Liability Insurance in the types, forms, and minimum limits, as listed below, insuring you and us against all claims, suits, obligations, liabilities and damages, including attorneys' fees, based upon or arising out of actual or alleged personal injuries or property damage resulting from or occurring in the course of, or on or about or otherwise relating to the Franchised Business:

(i) Commercial General Liability: Insurance Services Office simplified form, 1986 edition or later, or equivalent, including Coverage A (bodily injury and property damage liability; to include coverage for products-completed operations) and Coverage B (personal and advertising injury liability) with minimum limits of $2,000,000 per occurrence (Coverage A) and per person or organization (Coverage B).

(ii) Auto Liability and Garagekeepers Liability: Covering garage operations, including all owned, non-owned, and hired automobiles to be used by and at your Franchised Business, with minimum coverage limits of $1,000,000 per accident.

(iii) Cyber Liability: Covering network security and privacy liability; including the failure to allow access to your Franchised Business's computer system by authorized users, the failure to prevent unauthorized access to your computer system or the private or confidential

information it contains, the theft or loss of private or confidential information of others and the failure to prevent the transmission of a virus or malicious code to others, with minimum coverage limits of $1,000,000 per loss.

(iv) Umbrella Liability (excess liability insurance): Coverage over and above the General Liability, Employers Liability, and Auto Liability limits listed above, with minimum coverage limits of $5,000,000 per occurrence.

4. Business Interruption Insurance for actual losses sustained for a 12-month period minimum;

5. Garage Liability Insurance, should be written with symbol "21", any auto, which will include owned, hired and non-owned vehicles coverage; and

6. Such additional insurance types of coverage as may be required by the terms of any lease or sublease for the Approved Premises, or as may be reasonably required by us periodically.

Your insurance must name us as an additional insured and contain a clause requiring notice to us 30 days in advance of any cancellation or material change to any such policy. The "Additional Insured Endorsement" must be approved in writing by us. You must maintain such additional insured status for us on your general liability policies continuously during the term of the Franchise Agreement.

You must furnish us with a certificate(s) of such required insurance, within 60 days of the signing of the Franchise Agreement, but in no event later than 30 days prior to commencement of operations of the Franchised Business, and, on any renewal of such insurance while the Franchise Agreement is in effect.

We reserve the right to upgrade the insurance requirements as to policy limits, deductibles, scope of coverage, rating of carriers, etc. periodically. We will provide you with written notice of any change in our insurance requirements. You will have 60 days from receipt of such notice to revise your coverage, as specified in the notice.

As stated in Item 1, in order to participate in CMIPs, you will sign our then-current form of Service Level Agreement, which includes our minimum requirements and CMIP partner requirements for participation in these programs. In addition to the preceding minimum coverage requirements, under the Service Level Agreement, you must, at your sole expense, obtain and maintain the insurance policies and in the amounts stated in the CMIPs in which you participate for claims that may arise from or in connection with your performance of services at your Franchised Business under the Service Level Agreement.

Customer Service and Warranty Programs. We have determined that it is in the best interest of all FIX AUTO Shops for us to establish throughout the System uniform guarantees and warranties to customers. You are required to ensure that services are rendered to all customers of the Franchised Business in a prompt, workmanlike and courteous manner. All customer complaints must be dealt with promptly and courteously. You will provide to all Franchised

Business customers those warranties and guarantees we require, including the FIX AUTO Enhanced Warranty and National Warranty Programs, and will use any and all applicable forms required and furnished by us.

Mandatory Designated Suppliers. In order to adhere to the FIX AUTO Shop operating standards, specifications and procedures, as we may prescribe periodically, you must use the services of our designated suppliers, which include CCC Information Services (an independent, third-party company that provides data and technology to insurance carriers, body shops and parts suppliers in the collision repair industry, including CCCOne Innovate Management System and CCC Update Plus Service, Calendar, Engage, Repair Methods, and Photo Estimating) and Verifacts Automotive (an independent, third-party company that verifies a shop's overall ability to consistently deliver high quality collision repairs). You also must maintain I-CAR Gold Class certification from the Inter-Industry Auto Collision Repair Organization for evaluation and training of your technicians, among other things. All I-CAR activities and resources focus on helping the collision repair industry achieve a high level of technical training. We may modify the list of mandatory designated suppliers at any time.

Credit Cards. You are required to honor all credit, charge, courtesy and cash cards that we approve in writing. To the extent you store, process, transmit or otherwise access or possess cardholder data in connection with the sale of products and services at the Franchised Business, you are required to maintain the security of cardholder data and adhere to the then-current credit card security standards, which can be found at www.pcisecuritystandards.org for the protection of cardholder data throughout the term of your Franchise Agreement. You are responsible for the security of cardholder data in your possession or control and the possession or control of any of your employees that you engage to process credit cards. You must, if we so request, provide appropriate documentation to us to demonstrate compliance with applicable PCI DSS requirements by you and all your employees. In the event of a breach or intrusion of or otherwise unauthorized access to cardholder data, you must immediately notify us in the manner required in the PCI DSS requirements and provide an approved third party full access to conduct a thorough security review following a security intrusion.

ITEM 9 FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Agreement	Disclosure Document Item
a. Site Selection and acquisition/lease	Franchise Agreement: Section 1.2	Items 11 and 12
b. Pre-opening purchases/leases	Franchise Agreement: Sections 3.1, 4.4, 4.5 and 4.6	Items 5, 7 and 8
c. Site development and other pre-opening requirements	Franchise Agreement: Sections 3.1, 4.2 and 4.3	Items 6, 7 and 11

Obligation	Section in Agreement	Disclosure Document Item
d. Initial and ongoing training	Franchise Agreement: Sections 3.2, 3.3 and 3.5	Items 6, 7 and 11
e. Opening	Franchise Agreement: Section 4.9	Item 11
f. Fees	Franchise Agreement: Sections 1.4, 1.7, 2, 3.3D, 4.18, 7.3 and 12.6 Service Level Agreement: Sections 5.1 and 6.0	Items 5 and 6
g. Compliance with standards and policies/operating manual	Franchise Agreement: Section 4 Service Level Agreement: Sections 5.0 and 9.0	Item 11
h. Trademarks and proprietary information	Franchise Agreement: Sections 5 and 10 Service Level Agreement: Section 12.0	Items 13 and 14
i. Restrictions on products/services offered	Franchise Agreement: Section 4.7	Items 8 and 16
j. Warranty and customer service requirements	Franchise Agreement: Sections 4.11 and 4.12 Service Level Agreement: Section 7.0	Item 8
k. Territorial development and sales quotas	Franchise Agreement: Sections 1.1 and 13.5	Item 12
l. Ongoing product/service purchases	Franchise Agreement: Section 4.7	Items 8 and 11
m. Maintenance, appearance and remodeling requirements	Franchise Agreement: Section 4.3	Items 6 and 17
n. Insurance	Franchise Agreement: Section 8 Service Level Agreement: Section 10.0	Items 6, 7 and 8
o. Advertising	Franchise Agreement: Section 6	Items 6 and 11
p. Indemnification	Franchise Agreement: Section 9.3 Service Level Agreement: Section 11.0	Item 6
q. Owner's participation/ management/staffing	Franchise Agreement: Section 4.11	Item 15

Obligation	Section in Agreement	Disclosure Document Item
r. Records and reports	Franchise Agreement: Section 7 Service Level Agreement: Section 8.0	Item 11
s. Inspections and audits	Franchise Agreement: Sections 4.16 and 7.3 Service Level Agreement: Section 5.3	Item 11
t. Transfer	Franchise Agreement: Section 12 Service Level Agreement: Section 2.5	Items 6 and 17
u. Renewal	Franchise Agreement: Section 1.4	Item 17
v. Post-termination obligations	Franchise Agreement: Section 14	Item 17
w. Non-competition covenants	Franchise Agreement: Section 11	Item 17
x. Dispute resolution	Franchise Agreement: Section 15 Service Level Agreement: Section 14.0	Item 17
y. Licenses	Franchise Agreement: Section 4.14 Service Level Agreement: Section 4.0	Item 15

ITEM 10 FINANCING

We do not offer direct or indirect financing for any amount due under the Franchise Agreement. We do not guarantee your note, lease or any other obligation.

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

As noted in Item 1, Driven Brands or its designee (such as Driven Brands Shared Services) will provide support and services to our franchisees under a management agreement with us.

Except for the specific items listed below, we are not required to provide you with any assistance.

A. Our Obligations Before the Franchised Business Opens

1. Provide you with training. (Franchise Agreement, Sections 3.2 and 3.3)

2. Use reasonable efforts to help determine site feasibility and assist in the designation of the franchise location. (Franchise Agreement, Section 1.2)

3. Loan you 1 copy of the Operations Playbook, which contains mandatory minimum FIX AUTO Shop operating standards, specifications, and procedures, as well as other specifications, procedures and guidelines. The Operations Playbook is confidential and remains our property. We may modify the Operations Playbook in the exercise of our business judgment. (Franchise Agreement, Sections 3.4 and 4.1). We may provide the Operations Playbook to you through Collision University or otherwise on the Internet. The Table of Contents of the Operations Playbook is attached to the Disclosure Document as **Exhibit E**. The Operations Playbook consists of approximately 72 pages.

4. Provide you (through the Operations Playbook or otherwise) with specifications for the layout and design of a FIX AUTO Shop. (Franchise Agreement, Sections 3.1 and 4.2)

5. Provide you (through the Operations Playbook or otherwise) with a list of the standard fixtures, equipment, supplies, signs and initial inventory to be used in a FIX AUTO Shop, as well as a list of approved products. (Franchise Agreement, Sections 3.1, 4.1, 4.3, 4.4, 4.5 and 4.6)

6. License you the use of our trademarks. (Franchise Agreement, Section 1.1A)

7. We will provide initial and continuing advisory assistance in connection with the operation of your Franchised Business, as we consider appropriate. (Franchise Agreement, Section 3.5)

8. We will authorize the opening of your Franchised Business. (Franchise Agreement, Section 4.8)

B. <u>Our Obligations During the Operation of the Franchised Business</u>

1. We will specify or approve certain equipment, inventory and suppliers to be used in the Franchised Business. (Franchise Agreement, Sections 4.5, 4.6, and 4.7)

2. We will provide additional and/or refresher training programs, including national and regional conferences, conventions and meetings, as we may reasonably require, to correct improve and/or enhance your operations. (Franchise Agreement, Sections 3.3C and 3.3D)

3. We will manage the claims process and actively promote your business to regional and national insurance carriers, fleet organizations and other potential work providers through the FCS MSO Program (as defined in Item 11). (Franchise Agreement, Section 6.1)

4. If you do not obtain and maintain appropriate insurance coverage, we may procure the coverage on your behalf. We will pass the cost onto you. (Franchise Agreement Section 8.2I)

5. We (or our designee) will maintain and administer the local advertising program (the "Advertising Program"). We will direct all advertising programs with sole discretion over the creative concepts, materials and media used in the programs and their placement and allocation. Proceeds from the Advertising Program will generally be spent on conducting advertising and promotional activities within your Designated Market Area ("DMA") and maintaining a direct,

local sales staff, although, we cannot insure that you will benefit directly or on a pro rata basis from the future placement of any advertising in your DMA. (Franchise Agreement, Section 6.2)

6. We may institute various programs for auditing customer satisfaction and/or other quality control measures. Under these programs, you may be required to ask your customers to participate in surveys performed by us or on our behalf. (Franchise Agreement, Section 7.4)

7. We will maintain a franchisee advisory committee (the "Market Leaders Council") with the number of members determined by us but consisting of not fewer than 5 franchisee members. The Market Leaders Council will periodically review and evaluate the System standards, including Performance Standards, the Operations Playbook, approval of required products and services, and ethics standards. We solicit the committee members input and advice on key business and marketing initiatives and communicate proposed strategies and ideas to them. However, the ultimate decision-making responsibility for the FIX AUTO System is and will remain vested in us. Currently, the Market Leaders Council consists of 10 FIX AUTO franchisees, 2 from each of the 5 distinct market areas. We, in our sole discretion, select and appoint the franchisees to the Market Leaders Council. The Market Leaders Council was formed in January 2014 and meets quarterly.

8. Review and approve or disapprove of your advertising materials. (Franchise Agreement Section 6.3)

9. We may provide regular consultation and advice to you in response to inquiries from you regarding administrative and operating issues that you bring to our attention. We may make recommendations that we consider appropriate to assist your efforts. However, you alone will establish all requirements, consistent with our policies, regarding (i) employment policies, hiring, firing, training, wage and hour requirements, record keeping, supervision, and discipline of employees; (ii) the individuals to whom you will offer and sell your products and services; and (iii) the suppliers from whom you obtain any products or services used in or at the Franchised Business for which we have not established Approved Suppliers. (Franchise Agreement, Section 3.5)

10. We may assist with submitting applications on behalf of a pre-certified FIX AUTO Shop for participation in CMIPs' DRPs or PBAs. (Franchise Agreement, Section 4.14)

C. The FCS MSO Program

Through the FIX AUTO Claims Solutions ("FCS") Multi-Shop Operator ("MSO") Program, we will actively promote your business to regional and national insurance carriers, fleet organizations and other potential work providers by offering a single-point-of-contact relationship to these work providers to manage their claims administration. Our personnel will work closely with the work providers to establish management plans, reporting mechanisms, audit responsibilities and any other critical elements which may advance our organization and franchisees. Your participation in the FCS MSO Program is optional. If you choose to participate, you will be required to sign a FIX AUTO Claims Solution ("FCS") Agreement in the form provided in Exhibit 6.1 to the Franchise Agreement.

D. Advertising Program

You must participate in, support and contribute to a local advertising program (the "Advertising Program") established by us for the DMA in which your Franchised Business is located, if one has been established. Unless the Advertising Fee remains unchanged from the prior year, we will annually notify you of the exact percentage of monthly Gross Sales to be paid as an Advertising Fee, except that such amount will not exceed 0.75% of Gross Sales, or a maximum of $950 per month, unless a majority of the FIX AUTO franchisees in a DMA agree to a higher amount.

We will administer the Advertising Program as we consider appropriate and have no fiduciary obligations to any FIX AUTO franchisee regarding the Advertising Program. There is no advertising council. During scheduled meetings with FIX AUTO franchisees, we will provide a report on the allocation of the funds in the Advertising Program and work with FIX AUTO franchisees to adjust the allocations to maximize the efficacy of advertising in the DMA. Proceeds from Advertising Fees received by us will generally be spent on conducting advertising and promotional activities within your DMA and maintaining a direct, local sales staff, although, we cannot ensure that you will benefit directly or on a pro rata basis from the future placement of any advertising in the DMA. We will determine the methods of advertising, media employed and contents, terms and conditions of advertising campaigns and promotional programs.

Upon request by you, we will prepare and make available annual or periodic financial statements for the Advertising Program. The Advertising Program is not audited. We may use a reasonable portion of the Advertising Fees collected to cover expenses associated with administering the Advertising Program, as provided in the Franchise Agreement. We have the right, in our judgment, to establish rules governing the Advertising Program, or to dissolve or modify the Advertising Program, including the right to establish advertising cooperatives. In any case, the Advertising Program will not be terminated until all monies in the Advertising Program have been expended for advertising purposes or distributed back to the franchisees.

It is anticipated that all contributions to the Advertising Program will be expended for local advertising and promotional purposes during the fiscal year within which contributions are made. If, however, excess amounts remain in the Advertising Program at the end of the fiscal year, all expenditures in the following fiscal year(s) will be made first out of any current interest or other earnings of the Advertising Program, next out of any accumulated earnings and finally from principal.

During fiscal year 2021, the Advertising Program spent 37% on media and public relations, 11% on employee compensation, transportation, meals, and lodging expenses associated with marketing efforts, and 52% on internet related matters. No funds in the Advertising Program are used for advertising that is principally a solicitation for the sale of franchises, but we may include a brief statement on any advertising materials produced by the Advertising Program regarding the availability of FIX AUTO franchises.

E. Additional Marketing Campaigns

Currently, there are no national, regional or local advertising cooperatives. However, the

Franchise Agreement provides that, periodically, your region may elect by a majority vote of franchisees within the region to conduct additional advertising not previously included in the region's marketing budget. You will be responsible for your share of these funds which will be added to your monthly invoice issued by us (Franchise Agreement, Section 2.7), provided, however, your annual share of such advertising will not exceed $10,000 without either a majority vote of the franchisees within the region or your prior written consent.

F. Site Selection

Before entering into the Franchise Agreement: (a) you must have acquired or leased, at your expense, the Approved Premises pursuant to the terms of a lease, sublease, or purchase agreement for the Approved Premises that you provided to us for our review and acceptance prior to signing and that we have accepted, subject, if applicable, to certain written modifications to the lease, sublease, or purchase agreement we require; (b) you provided us a fully signed copy of the lease, sublease, or purchase agreement; and (c) we and you have mutually agreed upon any improvements that must be made to the Approved Premises. The site must be approved by us. Factors we consider in approving a site include demographics, accessibility, suitability, competing facilities and other factors. We will approve or disapprove your site location within 30 days. If you (or any of your owners) fail to timely meet the site selection, development, opening and other requirements established in Sections 1.2 and 4 of the Franchise Agreement, the Franchise Agreement will automatically terminate after a 30-day cure period. Acceptance by us of any site is not a recommendation, approval or endorsement of such site. We make no representations or warranties as to the success of any site. Neither we, nor any of our affiliates, will have any liability for any site-related matter or due to our review and acceptance of the lease, sublease, or purchase agreement. You must not to make any claims against us or any of our affiliates with specific regard to the Approved Premises or the lease, sublease, or purchase agreement. If, during the Franchise Agreement's term, you enter into a new lease, sublease, or purchase agreement for the Approved Premises, you also must provide us for our review and acceptance a copy of the proposed new lease, sublease, or purchase agreement.

G. Typical Length of Time Before Operation

We will authorize the opening of your Franchised Business when (i) all of your pre-opening obligations have been fulfilled, (ii) pre-opening training has been completed, (iii) all amounts due us (and/or any affiliate) have been paid, and (iv) copies of all insurance policies (and payment of premiums), and all other required documents have been received by us. (Franchise Agreement, Section 4.8). The typical length of time between signing the Franchise Agreement and the opening of your Franchised Business is expected to be approximately 90 to 120 days. This time may vary based on site availability, weather and local conditions.

H. FIX AUTO Integration

To be eligible for participation in our programs (such as insurance, procurement, and marketing) being offered as part of the System, you must complete FIX AUTO Integration within 15 weeks after the effective date of the Franchise Agreement (the "FIX AUTO Integration Period"). During the first week of the FIX AUTO Integration Period, initial administrative matters will be addressed. Thereafter, in order to complete FIX AUTO Integration, you must complete all

tasks required, including those listed below, within the 15-week timeline with assistance from representatives from our franchise services, operations, training, marketing, technology, and procurement departments:

(1) You (or your designated management employee) must attend our orientation/training program;

(2) Install and immediately begin using an approved management system and related software;

(3) Use FIX AUTO Enhanced Warranty and National Warranty Programs materials;

(4) Purchase paper supplies (letterhead and business cards) incorporating the arks, which comply with the Franchisor's specifications;

(5) Order name badges and/or career wear for office staff;

(6) Within 30 days after the Franchise Agreement's effective date, obtain access to Collision University. You and your employees must successfully complete all online courses listed in the "FIX AUTO Integration Learning Program" within the FIX AUTO Integration Period;

(7) Submit required insurance certificates and endorsements;

(8) Incorporate "FIX AUTO" in phone greeting;

(9) Adopt approved "FIX AUTO" fictitious name; and

(10) Complete such items as specified in the current FIX AUTO Integration timeline, along with other work and improvements as are required to bring the Franchised Business up to our standards.

Upon your written request, we may extend the FIX AUTO Integration Period. Any extension granted will be for a period of up to 30 days, as determined by us. We will not unreasonably deny your request for an extension, as long has you have diligently pursued commencement and completion of FIX AUTO Integration activities. You must complete all tasks required in accordance with our standards and specifications and complete FIX AUTO Integration before participation in certain programs will be allowed.

I. Training

The initial training program will occur at a facility that we designate and is described below:

TRAINING PROGRAM

TRAINING PROGRAM AT OUR DESIGNATED SITE* UP TO 3 DAYS			
Subject	**Hours of Classroom Training**	**Hours of On-The-Job Training**	**Location***
FIX AUTO Mission, Vision, Culture	2	0	Currently, via video conferencing, but, typically, at our corporate office or another site we may designate.
FIX AUTO Help Desk and Call Center Services	1 - 2	0	Currently, via video conferencing, but, typically, at our corporate office or another site we may designate.
FIX AUTO Software and Programs	2	0	Currently, via video conferencing, but, typically, at our corporate office or another site we may designate.
FIX AUTO Claims Solutions	1	0	Currently, via video conferencing, but, typically, at our corporate office or another site we may designate.
Operational Best Practices	4 - 5	0	Currently, via video conferencing, but, typically, at our corporate office or another site we may designate.
FIX AUTO Network Development and Insurance Relations	1 - 2	0	Currently, via video conferencing, but, typically, at our corporate office or another site we may designate.
FIX AUTO Vendor Programs	1 - 2	0	Currently, via video conferencing, but, typically, at our corporate office or another site we may designate.
FIX AUTO Marketing, Branding and Advertising	2	0	Currently, via video conferencing, but, typically, at our corporate office or another site we may designate.
Financial Best Practices	2	0	Currently, via video conferencing, but, typically, at our corporate office or another site we may designate.
Collision University	1	0	Currently, via video conferencing, but, typically, at our corporate office or another site we may designate.

TRAINING PROGRAM AT OUR DESIGNATED SITE* UP TO 3 DAYS			
Subject	**Hours of Classroom Training**	**Hours of On-The-Job Training**	**Location***
TOTALS	17 - 21	0	

TRAINING PROGRAM AT YOUR FRANCHISED BUSINESS LOCATION*			
Subject	**Hours of Classroom Training**	**Hours of On-The-Job Training**	**Location***
Kickoff and Onboarding Session	0	1 - 2	Currently, via video conferencing, but, typically, your Franchised Business location.
Employee Orientation	0	1 - 2	Currently, via video conferencing, but, typically, your Franchised Business location.
DRP Readiness Evaluation and Discussion	0	1 – 2	Currently, via video conferencing, but, typically, your Franchised Business location.
TOTALS	0	3 - 6	

* If warranted by government regulations, emergency guidelines, enforced quarantines, travel restrictions, a natural disaster, force majeure or other event outside of our control, we reserve the right to conduct any and all training, classes, courses, meetings, and conferences, online, telephonically, or otherwise, or to cancel or delay any and all such training, classes, courses, meetings, and conferences.

Our Vice President of Franchise Services, Collision Group, Lesa Laird, is in charge of the training program. She has 12 years of experience with us and Our Predecessor in the auto collision repair industry and as an instructor and overseeing training programs. Our primary instruction is through lecture, hands-on training, and instructional materials we prepare specifically for our training program.

You or your designated management employee must successfully complete the initial training program to our satisfaction before opening for business or shortly thereafter (Franchise Agreement, Sections 3.3A and 4.10)

You will be responsible for travel costs, room and board, salaries, fringe benefits and other expenses you and your manager, if applicable, incur in attending the training courses.

You and your employees are provided access to web-based training on our intranet

(Collision University). You must pay a $299 training fee on January 15th each year in part for the technology/license fees and in part for the development of the content (development of courses and customized forms and templates). There are investments in the content development software that allow FIX AUTO Shops to manage their own users, offer online training to all their employees and manage training reports. The license allows for an unlimited number of users.

J. Additional Training

You, or a representative designated by you, or your manager must attend additional and/or refresher training programs, including national and regional conferences, conventions and meetings, as we may reasonably require, to correct, improve and/or enhance your operations. You will be responsible for all reasonable expenses incurred for the aforementioned programs, meetings and conventions, including the cost of the meeting, travel, room, board and wages. You will be required to attend a maximum of one, multi-day event per year, which is called the National Conference. If you fail to attend the National Conference in any year, you will remain liable for payment of regular convention registration costs and hotel fees, as if you had attended. You or a management employee that you designate must attend franchisee meetings held locally or regionally, approximately 6 to 9 times per year. If you own and operate multiple FIX AUTO Shops, then you must designate and require one management employee from each FIX AUTO Shop attend the monthly franchisee meetings. If you (or your designated management employee) miss more than one required franchisee meeting during a calendar year, we may, at our discretion, charge you a fee in the amount of $500 ("Non-Attendance Fee") for each additional required meeting you fail to attend. The Non-Attendance Fee will be used to cover our costs in conducting the monthly meetings. You will, at your own expense, conduct ongoing training programs for your employees. (Franchise Agreement, Sections 3.3C, 3.3D, 3.3E and 13.5G.2). We estimate these costs to range between $1,500 and $2,000 per person.

As stated above, if warranted by government regulations, emergency guidelines, enforced quarantines, travel restrictions, a natural disaster, force majeure or other event outside of our control, we reserve the right to conduct any and all training, classes, courses, meetings, and conferences, online, telephonically, or otherwise, or to cancel or delay any and all such training, classes, courses, meetings, and conferences.

K. Computer System - Hardware and Software

We require that you have computer hardware and software which meet our operational standards and reporting requirements. Further, we require the use of certain software technology which enables us to pump (or retrieve) key data elements to our central servers so that we may measure your compliance with Performance Standards, account for work flow and sales volumes, and assist you with business improvement. The details of these standards and requirements will be described in the Operations Playbook or otherwise in writing and may be modified in response to changes in marketing conditions, business operating needs, or technology.

You must purchase or lease, and maintain, such computer hardware and software (including the CCCOne Innovate comprehensive body shop management system with estimate compliance software), dedicated high speed communications equipment and services, dedicated telephone and power lines, modem(s), printer(s), and other computer-related accessories or

peripheral equipment as we may specify, for the purpose of, among other functions, recording sales and services, and other record keeping and central functions.

You must provide such assistance as may be required to connect your computer system with a computer system used by us. We will have the right, on an occasional or regular basis, to retrieve such data and information (including claims-related data and financial activity) from your computer system as we, in our sole and exclusive discretion, consider necessary or desirable. We will not retrieve or otherwise access any information not directly related to the operation of the Franchised Business, including any personal or financial information, unless such information is required to be reviewed in connection with a legal proceeding or investigation of fraudulent activity in the operation of the Franchised Business.

In view of the interconnection of computer systems and the necessity that such systems be compatible with each other, you are required to strictly comply with our standards and specifications for all item(s) associated with your computer system and will otherwise operate your computer system in accordance with our standards and specifications.

You are required to keep your computer system in good maintenance and repair at your own expense to ensure full operational efficiency and optimum communication capability between and among computer systems installed by you, us, and other FIX AUTO franchisees. If we make a determination that it will be necessary to the System to install additions, and/or make changes, modifications, substitutions and/or replacements to your computer hardware, software, communications equipment and services, telephone and power lines, and other computer-related components and/or systems, you agree, at your expense, promptly to undertake and complete all of our directives with respect to such components and systems.

We reserve the right to require you to update or upgrade any computer hardware or software during the term of the franchise, and if we choose to do so, there are no limitations on the cost and frequency of this obligation. The approximate cost of the computer hardware and software varies between $20,000 and $75,000. The approximate annual licensing cost for the required software varies from $24,000 to $48,000. The approximate cost of any annual maintenance upgrades or updates or maintenance support contracts varies widely from $500 to $15,000.

We have the right to use any financial report or statement, or any information derived from such financial report or statement, relating to the Franchised Business, for aggregate statistical purposes, such as in a financial performance representation, without providing your name. We may use and publish income and expense information related to the Franchised Business within the FIX AUTO System via intranet or other non-public media. You are required to comply with all state and federal laws relating to consumer privacy, electronic privacy, credit card data and information protection and privacy, and any privacy policies or data protection and breach response policies we periodically may establish. You must notify us immediately of any suspected data breach at or in connection with the Franchised Business. We will also comply with all state and federal laws relating to consumer privacy.

You are solely responsible for protecting your computer system from disruptions, Internet

access failures, Internet content failures, and cyber-attacks by hackers and other unauthorized intruders.

We have the right to use any performance report or statement, or any information derived from such performance report or statement, relating to the Franchised Business, for statistical purposes, such as in an operational performance representation, or for marketing the franchise system to insurers, fleet accounts or other entities. In so doing, we may use your name and location information, as we consider necessary. We may use and publish information related to the Franchised Business within the FIX AUTO System via intranet or other non-public media. You grant us unrestricted access to performance related information, which we may pull from your system or from those service providers that you contract with for such purposes. This will include customer satisfaction reporting information, sales analysis, employee productivity information, financial performance, production information including parts utilization, cycle time, severity, labor allocations, sublet services and any other information that we may consider important in our ability to manage national or regional programs on behalf of the FIX AUTO System.

We have no obligation to provide ongoing maintenance, repairs, upgrades or updates, and any such obligations would be those of the software licensors.

ITEM 12 TERRITORY

You will receive a non-exclusive license to operate a FIX AUTO Shop using the System and the Marks from a location we approve (the "Approved Premises"). So long as you are in Good Standing (defined below), neither we nor our affiliates will establish or operate, or authorize anyone else to establish or operate, a FIX AUTO Shop within a one-mile radius from the Approved Premises (as measured in a straight line – as the crow flies – from the exterior walls of the Approved Premises) (the "Territory"). 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.

You may not conduct a FIX AUTO Shop from, or use the Marks and/or System at, any location other than the Approved Premises, or for any other purpose (other than your Pre-existing Business), except as approved by us in writing, which approval will not unreasonably be withheld or delayed. Except for your Pre-existing Business, as described in Exhibit 1.1A to the Franchise Agreement, you must not conduct any activities from the Approved Premises other than the operation of your Franchised Business without our prior written approval. You will not engage in any other business or activity that may conflict with your obligations under the Franchise Agreement, without our prior written approval. Under limited circumstances, and only under the terms of a written addendum, the form of which is set forth in Exhibit 1.1A to the Franchise Agreement, we may permit you to operate from multiple store-fronts in the Territory, in addition to the Approved Premises. Multiple shop owners must apply for, be approved for, and pay the applicable fees under the franchise agreement for each of their FIX AUTO Shops to be eligible for a FIX AUTO franchise. Other than as stated above, you have no options, rights of first refusal or similar rights to acquire additional franchises within the Territory or any contiguous territories. You do not have any rights with respect to other and/or related businesses, products and/or services, in which we or any of our affiliates may be involved, either now or in the future.

You may not relocate the Franchised Business to any other location without our prior written consent. If we consent to your relocating the Franchised Business, the new Approved Premises must be within the same Territory in which the Franchised Business was located. You must execute our standard form of general release upon any relocation. You will bear the sole expense of relocating the Franchise Business, and we have the right to charge you a reasonable fee for our services in connection with any such relocation. Upon relocating, you must de-identify the former location. If you fail to de-identify your former location, you must reimburse and indemnify and hold us harmless from all costs and expenses, including attorneys' fees, arising out of your failure to de-identify.

Except as expressly provided in the Franchise Agreement, you have no right to exclude, control or impose conditions on the location, operation or otherwise of present or future FIX AUTO Shops (or any other brand shops) or distribution channels of any type, licensed, franchised or company-owned, regardless of their location or proximity to the Approved Premises and whether or not they provide goods or services to customers within the Territory.

We and our affiliates expressly reserve all other rights and can (along with anyone we designate):

(1) open, own and/or operate any kind of business:

(i) in the Territory (including any competing business), except for a FIX AUTO Shop, so long as you meet the minimum performance standards ("Performance Standards") (as set forth below and more fully described in Section 13.5 of the Franchise Agreement) and comply with all other provisions in the Franchise Agreement; and

(ii) outside of the Territory, including FIX AUTO Shops;

(2) develop or become associated with other concepts (including dual branding and/or other franchise systems), whether or not using the FIX AUTO System and/or the Marks, and award franchises under such other concepts for businesses located and/or operating anywhere, including any competing concept in the Territory; and

(3) acquire, be acquired by, merge, affiliate with or engage in any transaction with other businesses (whether competitive or not), with units located anywhere. Such transactions may include (but are not limited to) arrangements involving existing or future competing outlets and brand conversions (to or from the FIX AUTO Marks and System). You may be responsible for reasonable conversion costs associated with your external signage. You will have a reasonable time in which to make this conversion.

We may sell products and services to customers located anywhere (including within the Territory), even if such products and services are similar to what we offer to a FIX AUTO franchisee, except that we will not license another to operate a FIX AUTO Shop in the Territory.

We are not required to pay you any compensation if we exercise any of the above-mentioned options.

If you are not in (i) compliance with all material terms of the Franchise Agreement and the Operations Playbook, and current in all accounts to us and our affiliates ("Good Standing"), or (ii) if you fail to meet our then-current Performance Standards we may reduce, eliminate or otherwise modify your territorial rights, along with whatever other remedies are then available to us, including termination.

Except as described in Item 1, we do not operate or franchise, or currently plan to operate or franchise, any business under a different trademark that sells or will sell goods or services similar to those that our franchisees sell. However, our affiliates, including the Affiliated Programs described in Item 1 and other portfolio companies that currently are or in the future may be owned by private equity funds managed by Roark Capital Management, LLC, may operate and/or franchise businesses that sell similar goods or services to those that our franchisees sell. Item 1 describes our current Affiliated Programs that offer franchises, their principal business addresses, the goods and services they sell, whether their businesses are franchised and/or company-owned, and their trademarks. All of these other brands (with limited exceptions) maintain offices and training facilities that are physically separate from the offices and training facilities of our franchise network. Most of the Affiliated Programs are not direct competitors of our franchise network given the products or services they sell, although some are, as described in Item 1. All of the businesses that our affiliates and their franchisees operate may solicit and accept orders from customers near your business. We have no obligation to resolve any perceived conflicts that might arise

Performance Standards

A. FIX AUTO System Standards. We may choose, in our business judgment, to evaluate your Franchised Business for compliance with FIX AUTO System standards using various methods (including inspections, field service visits, customer comments/surveys, and secret shopper reports).

B. FIX AUTO Minimum Annual Sales Standard. At any time, we may choose, in our business judgment, to compare your sales with the then current "Minimum Annual Sales Standard" applicable to your Franchised Business prescribed by us periodically in the Operations Playbook or otherwise in writing. If you drop below the Minimum Annual Sales Standard, we can, at our election, terminate your Franchise Agreement following implementation of a correction process and your failure thereafter to achieve the Minimum Annual Sales Standard.

C. FIX AUTO Performance Management Program. We have created a Performance Management Program ("PMP") that establishes clear performance guidelines, structured progressive support and remediation milestones that will be applied to franchisees. If you do not meet the minimum PMP performance guidelines, we will implement the PMP remediation steps. If you fail to meet the PMP performance guidelines within 60 days of receiving notification of non-compliance, we can, at our election suspend you from any Franchisor-managed insurance or other work-provider contracts and/or require you to attend additional training at your expense. If you fail to meet the PMP performance guidelines within 6 months of receiving notification of non-compliance, we can, at our election, terminate the Franchise Agreement.

D. FIX AUTO Insurance Company Relationships Standards. You must maintain a minimum of 1 approved shop insurance company performance agreement (or equivalent). If you do not maintain such an agreement or equivalent insurance company relationship, we can, at our election, suspend you from a specific insurance company's flow of work or terminate your Franchise Agreement.

E. FIX AUTO Insurance Referrals Standards. You must maintain and provide to us a minimum of 3 positive insurance company references. If you do not maintain the minimum positive insurance company references, we can, at our election, suspend you from a specific insurance company's flow of work or terminate your Franchise Agreement.

F. FIX AUTO Training and Certification Standards. You must maintain I-CAR Gold Class Professional standard certification for your Franchised Business and are encouraged to support your technicians to achieve I-CAR Platinum Class certification. I-CAR, the Inter-Industry Conference on Auto Collision Repair, is an international, not-for-profit training organization. All I-CAR activities and resources focus on helping the industry achieve a high level of technical training. You must also maintain an ongoing service contract with Verifacts Automotive for "Verified Quality (VQ) Certification." Verifacts Verified Quality program identifies shops that deliver excellence in collision repair and which distinguish themselves as participants in the industry's only in-shop, quality observation and collision repair scoring system. You will be fully responsible for the costs associated with these services.

G. We reserve the right to make reasonable revisions to elements of the Performance Standards on 6 months written advance notice to you.

H. We may (but are not required to) implement the correction process described below and in Section 13.5 F of the Franchise Agreement if you fail to meet the Performance Standards.

I. Correction Process.

1) If we notify you of your failure to meet any Performance Standards, then you will have 6 months from our delivery of written notice to you to meet all applicable Standards.

2) We will reasonably cooperate with and assist you in your efforts to meet your performance requirements. Among other things, we can (a) require you and/or your manager to attend and successfully complete a re-training seminar at our then-current headquarters, with you to pay all related travel, meals, lodging and incidental expenses, or (b) send a trainer to your location to present a re-training seminar, which you and your manager must successfully complete at your expense.

3) As part of the correction process, you agree to sign a probation report which clearly sets forth an admission by you of the problems identified, the remedial actions taken, and the consequences for repeated failure or defaults.

J. If within such 6-month period, your Franchised Business does not meet the Performance Standards, then we can reduce, eliminate or otherwise modify referrals made to you

for work from insurance companies and/or reduce or eliminate your Territory or exclusivity.

K. The fact that any correction process may be ongoing will not prevent us from exercising, or limit or diminish in any way, any rights or remedies provided to us under the Franchise Agreement, at law or in equity, including any right to terminate your Franchise Agreement for another default under the Franchise Agreement or any other agreement we have with you.

ITEM 13 TRADEMARKS

We grant you the right to operate a Franchised Business under the "FIX AUTO" trademark and design and other trademarks, service marks, logos and commercial symbols we may authorize you to use (collectively, the "Marks"). Mondofix is the owner of the "FIX AUTO" trademark and design. Mondofix granted Our Predecessor's parent, 79411 USA, Inc., an exclusive license for the "FIX AUTO" trademark and design in the U.S. pursuant to a certain License Agreement dated September 16, 1997, as amended and restated pursuant to a Second Amended and Restated License Agreement dated December 17, 2008 (as amended November 1, 2010) which was renewed on September 17, 2017 for a period of 10 years (the "License Agreement"). 79411 USA, Inc. granted Our Predecessor a license to use the "FIX AUTO" trademark and design pursuant to a certain Licensing Agreement dated June 9, 2010 (the "FUSA Sublicense Agreement"). The FUSA Sublicense Agreement terminated on or about July 6, 2020 concurrently with the transfer and assignment of 79411 USA, Inc.'s rights under the License Agreement to us. As a result, we are now the licensee under the License Agreement. The License Agreement is renewable for 10-year terms, provided we have complied with the terms of the License Agreement.

The "FIX AUTO" trademark and design below are registered on the Principal Register of the United States Patent and Trademark Office.

MARK	REGISTRATION NO.	REGISTRATION DATE
	2,233,448	March 23, 1999 (Renewed)
FIX AUTO	5,294,029	September 26, 2017

Mondofix may terminate the License Agreement under certain circumstances, including if we breach certain of our obligations, subject to any applicable cure periods, or experience certain bankruptcy or insolvency events. Upon any such termination, then existing FIX AUTO franchisees have the right to continue to use the "FIX AUTO" trademark and design, provided they continue to comply with and perform our obligations under the License Agreement, and

subject to our other rights under the Franchise Agreement. In the event of certain breaches by us, Mondofix may convert the license from an exclusive license to a non-exclusive license, and Mondofix may thereafter use and sublicense the use of the "FIX AUTO" trademark and design in the U.S. As described in Item 3, Mondofix initiated an arbitration proceeding with the American Arbitration Association, Case No. 01-20-0005-3820, in May 2020 alleging that the original licensee breached the License Agreement thereby giving Mondofix the right, among other remedies, to terminate the License Agreement.

Except as described above, there are currently no material effective determinations of the Patent and Trademark Office, Trademark Trial and Appeal Board, the trademark administrator of this state or any court; pending infringement, opposition or cancellation proceedings; or pending material litigation involving the above-identified trademark. Except as described above, there are no agreements currently in effect which significantly limit our rights to use or license the use of the trademarks, service marks, trade names, logotypes or other commercial symbols in any manner material to you. There are no material infringing uses of which we are aware. All required affidavits have been filed.

You must notify us immediately of any apparent or actual infringement of or challenge to your use of any of the Marks or claims by any person of any rights in the Marks. You will not communicate with anyone other than us or our counsel regarding any such infringement, challenge or claim. We have the sole discretion to take action as we consider appropriate and to exclusively control any litigation or any other proceeding arising out of any infringement, challenge or claim or otherwise relating to the use of the Marks (including the right to direct any settlement of the claims). You must sign any documents, give any assistance, and do acts that our attorneys believe are necessary or advisable to protect and maintain our interests in any litigation or administrative proceeding.

You must follow our rules when you use the Marks. Failure to do so can (and probably will) result in termination, since protection of the Marks is of critical importance to us and all FIX AUTO franchisees. You will not use any Mark, or modified version or derivative of a Mark, or any other mark or form of commercial identification confusingly similar to the Marks or trade dress, as part of any business or trade name or in any other manner not expressly authorized by us in advance and in writing. Prior to adoption and/or use, any proposed corporate, partnership, limited liability company and/or trade name is subject to approval by us in our business judgment. You may not include any of the Marks, or the words "Fix" or Fix Auto" or "FIX AUTO" or any of their derivatives in your corporate name. You may and must use "FIX AUTO" in your fictitious business name; however, this name is subject to approval by us. You will give trademark and other notices (including notices of independent ownership) as we direct and will, at your expense, obtain fictitious or assumed name registrations as may be required under law. You will display the Marks as required by us and will not use the Marks so as to negatively affect the goodwill associated with the Marks, including Mondofix's ownership in the "FIX AUTO" trademark and design. You will not use any Mark in connection with the performance or sale of any unauthorized services or products or at any location other than your Franchised Business or in any other manner not expressly authorized in writing by us.

You must not establish a website on the Internet using any domain name containing the words "FIX AUTO" or any variation thereof without our written consent. We retain the right to pre-approve your use of linking and framing among your web pages and all other websites. If we request, you will within 5 days dismantle any frames and links among your web pages and any other websites.

The Franchise Agreement grants you the non-exclusive right to use the Marks, subject to protection by applicable law, as expressly authorized by us. As the System evolves over time, the current logo, trade name and Marks may change. We reserve the right, in our sole judgment or upon the expiration or termination of the License Agreement (including in the event of our termination of the License Agreement on 30 days' written notice to Mondofix), to add to, delete, modify, substitute or discontinue the use of any or all of the Marks, including the "FIX AUTO" trademark and design on a national or regional basis. Upon receipt of notice of any such change from us, you must, within 60 calendar days and at your expense, adopt and or cease using, as may be applicable, the Mark(s), including a new principal Mark(s) designated by us to identify your Franchised Business. We will have no liability or obligation whatsoever with respect to your change of any Mark. We will have no liability for any expenses or damages incurred by you as a result of a change in the use of any or all of the Marks.

We are not obligated under the Franchise Agreement to pay for the costs of your defense, or to indemnify you, in connection with any trademark proceeding or action.

You should understand that there is always a possibility that there might be one or more businesses, similar to the Franchised Business, operating in or near the area(s) where you may do business, using a name, trademark and/or trade dress similar to ours and with superior rights to the name and/or trademark. We strongly urge you to research this possibility, using telephone directories, local filings and other means, before you pay any money, sign any documents or make any binding commitments. If you do not research the possibility of other trademarks in this business, you may be at risk.

ITEM 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We have no registered copyrights, nor are there any pending patent applications that are material to the franchise. However, we claim copyrights in certain forms, advertisements, promotional materials, software source code and other Confidential Information (as defined in Section 10 of the Franchise Agreement).

There currently are no effective determinations of the Copyright Office or any court regarding any of the copyrighted materials. There are no agreements in effect which significantly limit our right to use or license the copyrighted materials. There are no infringing uses actually known to us that could materially affect your use of the copyrighted materials in any state. No agreement requires us to protect or defend any copyrights or you in connection with any copyrights.

In general, our proprietary information includes "Confidential Information," some of which is contained in the Operations Playbook or other written directives issued by us, and includes, among other things, all information (current and future) relating to the System, including, among other things, all: (a) manuals, specifications, standards, training, techniques, processes,

policies, procedures, systems, data and know how regarding the development, marketing, operation and franchising of FIX AUTO Shops; (b) designs, specifications and information about products and services; (c) all information regarding suppliers; and (d) all information associated with customers of the FIX AUTO Shop operated by you.

We disclose to you Confidential Information needed for the operation of a FIX AUTO franchise, and you may learn additional information during the term of your franchise. Our parent, affiliates, and we have all rights to the Confidential Information, and your only interest in the Confidential Information is the right to use it under your Franchise Agreement. Apart from the above, Confidential Information will not include: (i) any information generally known or available to the public, or which becomes generally known or available to the public through no fault of yours; or (ii) any information generated by or relating to your Pre-existing Business or to any information, discovery or processes developed by you in your Pre-existing Business either before or after the date of the Franchise Agreement.

You must use the Confidential Information only for the operation of your Franchised Business under a FIX AUTO Franchise Agreement; maintain the confidentiality of the Confidential Information during the term and thereafter; not make or distribute, or permit to be made or distributed, any unauthorized copies of any portion of the Confidential Information; and follow all our reasonably prescribed procedures for prevention of unauthorized use or disclosure of the Confidential Information. (Franchise Agreement, Section 10)

You must comply with any privacy policies or data protection and breach response policies we periodically may establish. You must notify us immediately of any suspected data breach at or in connection with the Franchised Business. You must comply with our instructions in responding to any data breach. We (and our designated affiliates) have the right, but no obligation, to control the direction and handling of any data breach and any related investigation, litigation, administrative proceeding or other proceeding at your expense.

We have the right to use any of your financial reports, performance reports or statements, or any information derived from such reports or statements, relating to the Franchised Business, for statistical purposes, such as in an operational performance representation, or for marketing the franchise system to insurers, fleet accounts or other entities, with or without your name.

We have the right to use and authorize others to use all ideas, techniques, methods and processes relating to a FIX AUTO Shop that you or your employees conceive or develop.

You also agree to fully and promptly disclose all ideas, techniques and other similar information relating to the franchise business that are conceived or developed by you and/or your employees. We will have a perpetual right to use, and to authorize others to use, those ideas, etc. without compensation or other obligation.

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

A person who has successfully completed mandatory training, and meets our then-current standards, must personally supervise your Franchised Business on a full-time basis. If you are a

business entity, we do not require your on-premises supervisor to have an equity interest in the franchise, but we strongly recommend full time on-site management by you. (Franchise Agreement, Section 4.11)

You are solely responsible for the hiring and management of your Franchised Business employees, for the terms of their employment and for ensuring their compliance with any training or other requirements established by us. You will keep us advised, in writing, of all supervisorial or managerial personnel involved in the operation of your Franchised Business. (Franchise Agreement, Section 4.11)

You are not our agent, legal representative, joint venturer, partner, employee or servant. You will be an independent contractor and will always identify yourself to all persons and in all dealings of your Franchised Business as an independent owner under a FIX AUTO franchise. You must include notices of independent ownership on such forms, business cards, stationery, advertising, signs and other materials, as we require periodically. Subject to the requirements of your Franchise Agreement and the Operations Playbook, you will have complete operational control of your business, including the right to hire and fire each employee. (Franchise Agreement, Section 9.1)

You and your employees must comply with the confidentiality provisions described in Section 10 of the Franchise Agreement.

You will secure and maintain in force all required licenses, permits and certificates relating to the operation of the Franchised Business and will operate the Franchised Business in full compliance with all applicable laws, ordinances and regulations, including all government regulations relating to contractor licensing, occupational hazards and health, consumer protection, environmental protection, trade regulation, workers' compensation, unemployment insurance, vehicle registration and withholding and payment of federal and state income taxes and social security taxes and sales, use and property taxes.

You must operate your Franchised Business in full compliance with all applicable laws, ordinances and regulations. We make no representations or assurances as to what (if any) licenses, permits, authorizations or otherwise may be required in connection with your Franchised Business. It is your sole responsibility to identify and obtain all authorizations necessary to your operation. (Franchise Agreement, Sections 4.2 and 4.14)

If you are a business entity, concurrently with your signing the Franchise Agreement, all owners, members, shareholders, partners, joint venturers, and any other person who directly or indirectly owns a 10% or greater interest in you must execute a personal guaranty in our then-current form. Our current form of Personal Guaranty is attached as Exhibit 4.10 to the Franchise Agreement. (Please see Section 4.10 of the Franchise Agreement.)

ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer for sale and sell only and all those products and services that we authorize or require and have authorized. Failure to do so may result in the termination of your Franchise Agreement. You may not advertise, offer for sale or sell any products and/or services that we have not authorized. We reserve the right to change the types of authorized products and services at any

time in our discretion, and there are no limits to our right to make these changes. You agree to undertake promptly all changes as we require periodically. You will not make any alterations to your Franchised Business or its appearance as originally approved by us without our prior written approval.

You must refrain from any merchandising, advertising or promotional practice which is unethical or may be injurious to our business and/or other FIX AUTO Shops or to the goodwill associated with the Marks. (Franchise Agreement, Section 5.2)

You may not use the Approved Premises for any purpose other than the operation of a FIX AUTO Shop. You must maintain high standards of honesty, integrity, fair dealing and ethical conduct in your business activities. You must notify us in writing within 5 days of the commencement of any proceeding and/or of the issuance of any governmental order or action impacting you and/or your Franchised Business. (Franchise Agreement, Section 4.14)

You will provide and honor a limited lifetime nationwide warranty of your and other FIX AUTO franchisees' workmanship for as long as the original customer or policyholder owns the vehicle (wear and tear excepted). You will provide a copy of this warranty to the vehicle owner. (Service Level Agreement, Section 7.0)

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 or other Agreement	Summary
a. Length of the franchise term	Franchise Agreement: Section 1.3 Service Level Agreement: Section 2.1	Franchise Agreement: The initial term is 5 years from the date the Franchise Agreement is signed. See the Franchise Agreement for complete details. Service Level Agreement: The term expires, unless earlier terminated, on the date on which all of the master service agreements between us and/or our affiliates and our various insurance carrier customers expire or are terminated.

Provision	Section in Franchise or other Agreement	Summary
b. Renewal or extension of term	Franchise Agreement: Section 1.4	If you are current in all your obligations to us and meet the conditions for renewal, you can renew for up to 5 additional consecutive terms of 5 years each.
c. Requirements for renewal or extension	Franchise Agreement: Section 1.4	You have complied with all of the Franchise Agreement provisions; you are not in default of the Franchise Agreement; you have substantially complied with our then-current qualification and training requirements; you have brought your Franchised Business into compliance with our then-current physical appearance requirements for new FIX AUTO Shops, generally; you have given us notice of renewal; you have signed our then-current form of Franchise Agreement; you have achieved your required sales quota; and you executed a general release in a form satisfactory to us (if state law allows). You must give us notice of your intent to renew between 6 and 12 months before the Franchise Agreement expires. We will give you notice of our intent not to renew along with specific reasons before your expiration. The new Franchise Agreement may contain terms and conditions that are materially different from your original Franchise Agreement. We charge a renewal processing fee of $1,000 or, if you fail to renew in a timely manner, $10,000.
d. Termination by franchisee	Franchise Agreement: Section 13.8	You may terminate the Franchise Agreement for cause if you are in compliance, and we materially breach the Franchise Agreement and fail to cure within 30 days (90 days if we cannot reasonably cure within 30 days) of receiving your written notice.
e. Termination by franchisor without cause	Not Applicable	The Franchise Agreement does not provide for termination without cause.
f. Termination by franchisor with cause	Franchise Agreement: Section 13 Service Level Agreement: Sections 2.3 – 2.6	We may terminate the Franchise Agreement or the Service Level Agreement, as applicable, upon delivery of notice to you if you default under the terms thereof.

Provision	Section in Franchise or other Agreement	Summary
g. "Cause" defined – curable defaults	Franchise Agreement: Section 13.2 Service Level Agreement: 2.3	Franchise Agreement: The following constitute curable defaults: you fail or refuse to make payments due and do not cure within 10 business days; or fail to comply with any provision of the Franchise Agreement not mentioned in (h.) below or any mandatory specification and do not cure within 30 days (including failure to complete FIX AUTO Integration within 15 weeks of the effective date of the Franchise Agreement, unless you have requested an extension of that 15-week period in writing and been approved, and failure to comply with the requirements of any CMIP). Service Level Agreement: If you fail to perform any obligation under the Service Level Agreement other than those mentioned in (h.) below, and fail to cure the default within 30 days after written notice from us, we will have the right to terminate the Service Level Agreement or remove you from one or more insurance programs, as determined by us in our sole discretion.

Provision	Section in Franchise or other Agreement	Summary
h. "Cause" defined - non-curable defaults	Franchise Agreement: Section 13.1 Service Level Agreement: Sections 2.4 and 2.5	Franchise Agreement: The following events constitute non-curable defaults: failure to properly establish and equip the Approved Premises and vehicles; failure to complete training; make a material misrepresentation or omission in the application for the franchise; conviction or plea of no contest to a felony, or other crime or offense that can adversely affect the reputation of you, us or the Franchised Business; failure to meet Minimum Performance Standards following any corrective process implemented by us; misuse of the Operations Playbook or unauthorized disclosure of Confidential Information; abandonment of the business for 5 consecutive days unless otherwise approved; surrender of control of the business; unauthorized transfer; you are adjudicated bankrupt, insolvent or make a general assignment for the benefit of creditors; your misuse of the Marks; failure on 2 occasions within any 12 consecutive-month period to pay amounts due, or otherwise to comply with the Franchise Agreement; violate any health, safety or sanitation law or conduct your operation in a manner creating a safety hazard; violating the rights and restrictions of your Territory; or operating a competing business. Service Level Agreement: The following events constitute non-curable defaults: committing fraud of any kind; ceasing business; failure to comply with the carrier requirements or our requirements; lapse or revocation of any required license, permit, or certificate; bankruptcy or similar proceeding; default under and/or termination of any of your franchise agreements; or unauthorized transfer. With respect to the preceding non-curable defaults, except an unauthorized transfer, in lieu of termination, we may suspend the Service Level Agreement.

Provision	Section in Franchise or other Agreement	Summary
i. Franchisee's obligation on termination / non-renewal	Franchise Agreement: Section 14	Your obligations include: stop operations of the Franchised Business; stop using the Marks and items bearing the Marks; cancel all fictitious or assumed names or equivalent registrations relating to your use of any Marks; assign any assumed names to us; de-identify the Approved Premises from any confusingly similar decoration, design or other imitation of a FIX AUTO Shop; stop advertising as a FIX AUTO Shop; pay all sums owed; pay all damages and costs we incur in enforcing the termination of the Franchise Agreement; return all manuals and other Confidential Information to us; return all signs bearing the Marks to us; and assign your telephone and facsimile numbers, electronic mail and Internet addresses to us (except those numbers and addresses owned by you prior to signing the Franchise Agreement).
j. Assignment of contract by franchisor	Franchise Agreement: Section 12.1	There are no restrictions on our right to assign except that assignee must expressly assume our obligations.
k. "Transfer" by franchisee definition	Franchise Agreement: Section 12.2 Service Level Agreement: Section 2.5	Franchise Agreement: Transfer of franchise, Franchise Agreement, your Franchised Business, the business conducted at the Franchised Business or any ownership interest or assets of any of them. Service Level Agreement: Sale of all or substantially all of the assets of the Franchised Business or your assets; merger or any other business combination of you and another person or entity; or any investment in you by a competitor of ours or one of our affiliates.

Provision	Section in Franchise or other Agreement	Summary
l. Franchisor approval of transfer by franchisee	Franchise Agreement: Section 12.2 Service Level Agreement: Section 2.5	Franchise Agreement: Except for transfers to a business entity or for estate planning purposes, we have the right to approve all transfers, but will not unreasonably delay or withhold approval. We may place reasonable conditions on our approval of any transfer. We will not consent to a transfer to a transferee if the transferee (or any of the transferee's direct or indirect owners or affiliates) operates, has an ownership interest in, or performs services for a same or substantially similar business. If you terminate or attempt to terminate the Franchise Agreement to engage in a transfer that violates the preceding sentence, we will be entitled to injunctive relief prohibiting the transfer, which transfer will be void. Service Level Agreement: You must obtain our prior written consent with respect to transfers.

Provision	Section in Franchise or other Agreement	Summary
m. Conditions for franchisor approval of transfer	Franchise Agreement: Section 12.3	You must provide any prospective party to a transfer a copy of the Franchise Agreement before entering into any negotiations relating to a transfer; you must be in substantial compliance with all agreements, the Operations Playbook, all contracts with any party, and transferee must assume all obligations under these agreements; transferee must meet our then-current reasonable requirements and complete or agree to complete our training program for new franchisees; all sums due must be paid or assumed by the transferee; transferee and its owners and affiliates are not in a "same or substantially similar business" (defined in q. below); all undisputed obligations to third parties must be satisfied; the Franchised Business must be in substantial compliance with the Operations Playbook and standards and specifications for new FIX AUTO Shops; transferee must agree to be bound by all terms of the Franchise Agreement (including renewal options), or transferee may be required to sign a new franchise agreement with different terms and conditions; payment must be made of the then-current transfer fee; you must execute a general release in a form satisfactory to us (if state law allows); you must provide customer and warranty information to the transferee, and the transferee must agree to honor all valid warranties on work performed by you for a period of 24 months after the transfer; and you must agree not to compete with transferee. The transfer will occur through the use of an escrow or a closing attorney, as applicable, and the escrow or closing instructions will provide for (i) payments of all fees owed to us, including transfer fees, training fees and any other amounts; and (ii) a reasonable 'hold back' or retention in the amount of 2% of the Franchised Business's annual Gross Sales for a period not to exceed 24 months, to provide for correction of defects in workmanship committed by you, or for payment to the transferee of warrantied work performed by you. Different conditions apply to transfers to a business entity and to immediate family members (intra-family transfers).

Provision	Section in Franchise or other Agreement	Summary
n. Franchisor's right of first refusal to acquire franchisee's business	Franchise Agreement: Section 12.5B	During the term of the Franchise Agreement and for the 6-month period following expiration or termination of the Franchise Agreement, we may match any third-party offer for the Franchised Business's assets, interest in you or interest in the franchise (as applicable). We may accept the offer within 90 days of our receipt of all required items if you receive the third-party offer during the term of the Franchise Agreement or during the 6-month period following expiration or termination of the Franchise Agreement and the proposed purchaser and its affiliates are not engaged in a same or substantially similar business or within 180 days of our receipt of all required information if you receive the third-party offer during the 6-month period following expiration or termination of the Franchise Agreement and the proposed purchaser and its affiliates are engaged in a same or substantially similar business. We may assign our right of first refusal.
o. Franchisor's option to purchase franchisee's business	Franchise Agreement: Section 12.5A	If you initiate or attempt to initiate a transfer to a same or substantially similar business (including an independent operator) during the term of the Franchise Agreement, we will have the right for 90 days following our receipt of all required information to inform you that we intend to purchase the assets of the Franchised Business at fair market value, excluding any goodwill, and obtain an assignment of the lease or sublease for the Approved Premises, or purchase on substantially the same terms and conditions as your proposed transfer. If the parties are unable to agree on the fair market value of the assets, the purchase price will be determined by an independent appraiser selected by us. If you or a related individual or entity own the Approved Premises, we will have the option to enter into a lease with you for the Approved Premises. We may assign our purchase option.

Provision	Section in Franchise or other Agreement	Summary
p. Death or disability of franchisee	Franchise Agreement: Section 12.4	Interest in the Franchise Agreement, the Franchise and/or the Franchisee will be transferred to a third party. A "permanent disability" occurs if you are not able to personally, actively participate in the management of your Franchised Business for 6 consecutive months. Any transfer will be completed within 6 months from the date of death or permanent disability. If no transfer occurs, the Franchise Agreement will automatically terminate at the end of such period, unless a written extension is granted by us in our business judgment.
q. Non-competition covenants during the term of the franchise	Franchise Agreement: Section 11	You and your subsidiaries, affiliates, and owners may not have any direct or indirect interest anywhere in any same or substantially similar business to the Franchised Business, or in any entity awarding franchises or licenses or establishing joint ventures or other business enterprises for the operation of a same or substantially similar business without our prior written consent. "Same or substantially similar business" means a collision repair facility or body shop business but specifically excludes: (a) any automobile collision repair facility that you were already operating as of the date of the Franchise Agreement; and (b) any other automotive business franchised by Driven Brands Holdings or its subsidiaries. In addition, unless specifically authorized by us, you may not join, participate in, become a member, or otherwise be associated with any other collision repair network or affiliation, branded or unbranded, that provides services similar to those we provide, including participation in DRPs and supplier purchasing programs.
r. Non-competition covenants after the franchise is terminated or expires	Not Applicable	Not Applicable.

Provision	Section in Franchise or other Agreement	Summary
s. Modification of agreement	Franchise Agreement: Sections 4.1 and 17B Service Level Agreement: Section 3.0	Franchise Agreement: The Franchise Agreement can be modified only by written agreement between us and you. We can modify or change the System through changes in the Operations Playbook. Service Level Agreement: We may modify, by providing you written notice, the list of our master service agreements with carriers and our requirements for participation in the insurance programs.
t. Integration/merger clause	Franchise Agreement: Section 17B	Only the terms of the Franchise Agreement are binding (subject to state law) and may only be modified to the extent required by an appropriate court to make the Franchise Agreement enforceable. Nothing in this or any related agreement, however, is intended to disclaim the representations we made in the Disclosure Document we furnished to you.
u. Dispute resolution by arbitration or mediation	Franchise Agreement: Section 15.1	Except for claims relating to the Confidential Information or the Marks, disputes/claims are first subject to a face-to-face meeting, and if unresolved, binding arbitration before a single arbitrator in the county where our then-current headquarters is located. Parties retain the right to seek injunctive relief. These provisions are subject to state law.
v. Choice of forum	Franchise Agreement: Section 15.2	Any action must be brought in state or federal court in the jurisdiction where our then-current headquarters is located (subject to state law).
w. Choice of law	Franchise Agreement: Section 15.8	North Carolina law applies (subject to applicable state law).

Applicable state law may require additional disclosures related to the information in this Disclosure Document. These additional disclosures appear in **Exhibit G** to this Disclosure Document.

ITEM 18 PUBLIC FIGURES

We do not currently use any public figure or personality to promote the franchise.

ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a

reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

A. Gross Sales and Key Performance Indicators

Part A of this financial performance representation reflects the historical average and historical median annual Gross Sales and certain key performance indicators ("KPIs") for certain franchised FIX AUTO Shops from December 27, 2020 through December 25, 2021 (the "2021 Fiscal Year"). The purpose of this financial performance representation is to illustrate to conversion franchisees and other prospects knowledgeable in the automotive repair business how FUSA and its relationship with Driven Brands has enabled operational efficiencies and sales growth for the whole FIX AUTO franchise network. We have not made permanent, material changes to our franchise concept as a result of the COVID-19 pandemic.

Of the 181 total FIX AUTO Shops open and operating as of the end of the 2021 Fiscal Year, we included the Gross Sales and KPI results of 150 FIX AUTO Shops and excluded the results of: (a) 9 FIX AUTO Shops in California operated by our affiliate, FUSA Properties, pursuant to franchise agreements with FUSA; and (b) 22 FIX AUTO Shops that opened during the 2021 Fiscal Year. Also excluded are 12 FIX AUTO Shops that closed during the 2021 Fiscal Year (none of which operated for less than 12 months).

We separated the 150 FIX AUTO Shops included in Part A of this financial performance representation into the top performing 50% and bottom performing 50% based on average Gross Sales, with the top performing 50% reflecting the results of those FIX AUTO Shops with the highest average Gross Sales for the 2021 Fiscal Year, and the bottom performing 50% reflecting the results of those FIX AUTO Shops with the lowest average Gross Sales for the 2021 Fiscal Year. The 150 FIX AUTO Shops use the prototypical business format and operating procedures for a FIX AUTO Shop that form the basis of the franchise opportunity that we offer in this Disclosure Document. These FIX AUTO Shops operate in metropolitan and suburban locations within greater metropolitan areas of U.S. cities primarily in Midwestern and Western states. Specifically, the 150 FIX AUTO Shops whose results are included below are located in the following states: 96 in California, 14 in Arizona, 14 in Washington, 7 in Oregon, 6 in Illinois, 4 in Nevada, 3 in Colorado, 2 in Utah, 2 in Minnesota, 1 in Ohio, and 1 in Oklahoma. These FIX AUTO Shops had operated for an average of 5.3 years as of the end of the 2021 Fiscal Year.

	Bottom 50%	Top 50%	Median for all FIX AUTO Shops	Average for all FIX AUTO Shops	#/% Met/Exceeded Average
FIX AUTO Shop Count	75	75	150	150	
Closing Ratio	79.6%	82.4%	82.3%	81.0%	84/56%
PBAs	3.5	4.2	4.0	3.8	86/57%
DRPs	9.7	12.5	12.0	11.1	81/54%
Gross Sales	$1,300,682	$3,199,696	$1,899,672	$2,250,189	58/39%

	Bottom 50%	Top 50%
Lowest Gross Sales	$128,050	$1,911,248
Highest Gross Sales	$1,888,096	$7,572,142
Median Gross Sales	$1,423,042	$2,831,969
# Met/Exceeded Average	46	27
% Met/Exceeded Average	61%	36%

Footnotes to this Financial Performance Representation:

1. "Closing Ratio" is the percentage of estimates converted into completed repairs that came through DRP relationships only. This excludes cash pay, fleet and other non-DRP/PBA estimates/work-orders.

2. "PBAs" is the number of performance-based agreements, which are a type of DRPs that includes additional performance metrics in the contract with the insurer, requiring participating FIX AUTO Shops to achieve KPIs for the carrier's customers and to maintain standard levels of support.

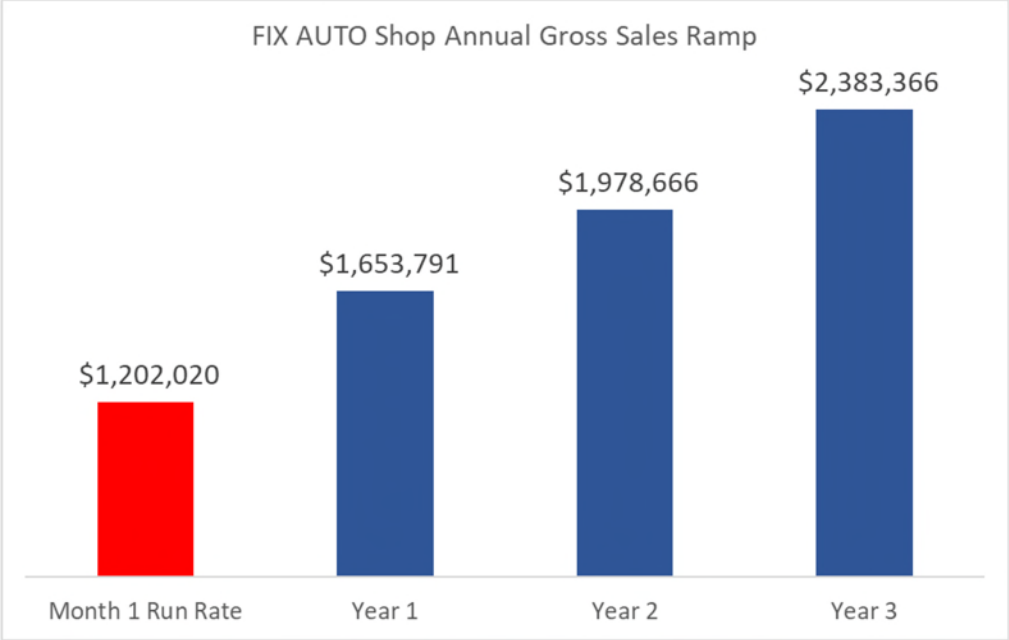
3. "DRPs" is the number of direct repair programs, which are FIX AUTO-managed insurance programs with third-party auto insurers in which FIX AUTO Shops can choose to participate.

4. "Gross Sales" means all revenues (including the proceeds from any business interruption insurance, sublet labor and new and used replacement parts, direct labor and refinish material) derived, directly or indirectly, from all business conducted upon, from or in connection with the FIX AUTO Shop, whether these revenues are evidenced by check, cash, cash equivalent, credit, charge account, exchange or otherwise, and includes the amounts received from the sale of goods, wares and merchandise, tangible property of every kind and nature, promotional or otherwise, and for services performed at the FIX AUTO Shop. Gross Sales does not include the amount of any refunds, discounts, coupons or returns or any sales tax imposed by any federal, state or other governmental authority directly on sales and collected from customers, provided that the amount is added to the selling price or specifically absorbed within the price, and actually paid by the franchisee to the governmental authority. Each charge or sale upon installment or credit will be treated as a sale for the full price in the month during which the charge or sale was received. In addition, we may, periodically, permit or allow certain other items to be excluded from Gross Sales.

B. Gross Sales Ramp

Part B of this financial performance representation reflects the historical average and historical median Gross Sales ramp over the first 3 years of operation for franchisees that converted their existing repair businesses to FIX AUTO Shops within the FIX AUTO franchise network during the period from December 31, 2017 through December 26, 2020. There were 69 total new FIX AUTO Shops that joined the FIX AUTO franchise network during this period. We have excluded 10 FIX AUTO Shops from this financial performance representation that did not submit Gross Sales information for 1 or more months during this period and through the end of the 2021 Fiscal Year. We did not include the results of any FIX AUTO Shops that opened during the 2021 Fiscal Year because they had not operated for one full year by December 25, 2021. There were no FIX AUTO Shops that opened during this period and subsequently closed during this period.

The 59 FIX AUTO Shops included in Part B of this financial performance representation are located in the following states: 40 in California, 8 in Arizona, 2 in Washington, 2 in Utah, 2 in Minnesota, 2 in Nevada, 1 in Oklahoma, 1 in Oregon, and 1 in Ohio.



Period	FIX AUTO Shop Count	Average Gross Sales	Comp % vs. Base Year	Lowest Gross Sales	Highest Gross Sales	Median Gross Sales	#/% Met/Exceeded Average
Month 1 Run Rate	59	$1,202,020	0%	$57,893	$3,400,401	$988,514	26/44%
Year 1	59	$1,653,791	38%	$288,813	$8,177,516	$1,437,552	21/36%
Year 2	38	$1,978,666	65%	$631,293	$7,396,141	$1,849,969	15/39%
Year 3	16	$2,383,366	98%	$733,859	$7,816,083	$1,943,143	6/38%

Footnotes to this Financial Performance Representation:

1. We have excluded the calendar month that each FIX AUTO Shop opened, since the number of days in that first month ranged from 1 day only to 30 days. The beginning and ending dates of "Year 1," "Year 2," and "Year 3" in this financial performance representation differ for each FIX AUTO Shop because each FIX AUTO Shop opened for business on a different date.

2. "Month 1 Run Rate" is the product of the average first full month of Gross Sales reported by the FIX AUTO Shops in this analysis multiplied by 12 to arrive at a baseline estimate for the average annual Gross Sales each FIX AUTO Shop starts with when it joins the FIX AUTO franchise network.

3. "Comp % vs. Base Year" means the Average Gross Sales percentage growth of the given year versus the Month 1 Run Rate.

* * *

Some FIX AUTO Shops have sold this amount. Your individual results may differ. There is no assurance that you will sell as much.

We obtained the information above from Gross Sales reports and other reports we received from our franchisees. Written substantiation for the financial performance representation will be made available to you upon reasonable request.

The financial performance representations figures do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the Gross Sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your FIX AUTO Shop. Franchisees or former franchisees, listed in this Disclosure Document, may be one source of this information.

Other than the preceding financial performance representation, we do not make any financial performance representations. 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 Scott O'Melia, 440 South Church Street, Suite 700, Charlotte, North Carolina 28202 or (704) 377-8855, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20 OUTLETS AND FRANCHISEE INFORMATION

All numbers appearing in Tables 1 through 5 below for 2021 and 2020 are as of our fiscal year ends of December 25, 2021 and December 26, 2020, respectively. All numbers appearing in Tables 1 through 5 below for 2019 are as of Our Predecessor's fiscal year end of December 31, 2019. As noted in Item 1, Our Predecessor was the franchisor of the FIX AUTO franchise brand prior to July 2020. Our affiliate, FUSA Properties, operates 9 FIX AUTO Shops pursuant to franchise agreements with us and, therefore, these FIX AUTO Shops are included as franchised outlets in Table 3 below.

Table No. 1
Systemwide Outlet Summary
For Years 2019 to 2021

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchise Outlets	2019	146	155	+9
	2020	155	171	+16
	2021	171	181	+10
Company Outlets	2019	0	0	0
	2020	0	0	0
	2021	0	0	0

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Total Outlets	2019	146	155	+9
	2020	155	171	+16
	2021	171	181	+10

Table No. 2
Transfer of Outlets from Franchisees to New Owners (Other than the Franchisor)
For Years 2019 to 2021

State	Year	Number of Transfers
Arizona	2019	0
	2020	1
	2021	0
Illinois	2019	0
	2020	0
	2021	1
California	2019	0
	2020	1
	2021	2
Totals	2019	0
	2020	2
	2021	3

Table No. 3
Status of Franchised Outlets
For Years 2019 to 2021

State	Year	Outlets at the Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reason	Outlets at End of the Year
AK	2019	7	0	0	0	0	1	6
	2020	6	0	0	0	0	0	6
	2021	6	0	6	0	0	0	0
AZ	2019	10	3	1	0	0	1	11
	2020	11	4	1	0	0	0	14
	2021	14	0	0	0	0	0	14
CA	2019	87	17	0	1	0	0	103
	2020	103	10	4	0	0	0	109
	2021	109	18	4	0	0	0	123
CO	2019	1	1	0	0	0	0	2
	2020	2	1	0	0	0	0	3
	2021	3	0	0	0	0	0	3

State	Year	Outlets at the Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reason	Outlets at End of the Year
ID	2019	0	2	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	2	0	0	0	0
IL	2019	7	0	1	0	0	0	6
	2020	6	0	0	0	0	0	6
	2021	6	0	0	0	0	0	6
MN	2019	0	2	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
NV	2019	8	1	5	0	0	1	3
	2020	3	1	0	0	0	0	4
	2021	4	3	0	0	0	0	7
OH	2019	0	1	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
OK	2019	0	0	0	0	0	0	0
	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
OR	2019	9	0	2	0	0	1	6
	2020	6	1	0	0	0	0	7
	2021	7	0	0	0	0	0	7
UT	2019	0	0	0	0	0	0	0
	2020	0	2	0	0	0	0	2
	2021	2	1	0	0	0	0	3
WA	2019	17	1	5	0	0	0	13
	2020	13	1	0	0	0	0	14
	2021	14	0	0	0	0	0	14
Totals	2019	146	28	14	1	0	4	155
	2020	155	21	5	0	0	0	171
	2021	171	22	12	0	0	0	181

Table No. 4
Status of Company-Owned Outlets
For Years 2019 to 2021

State	Year	Outlets at the Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
All States	2019	0	0	0	0	0	0
	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
Totals	2019	0	0	0	0	0	0
	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0

Table No. 5
Projected Openings as of December 25, 2021

State	Franchise Agreements Signed but Outlet Not Opened	Potential New Franchised Outlet in the Next Fiscal Year	Potential New Company - Owned Outlet in the Next Fiscal Year
CA	1	4	0
NV	0	1	0
OK	0	1	0
OR	0	2	0
WA	0	1	0
Totals	1	9	0

A list of the names, addresses and telephone numbers of our current franchisees as of the issuance date of this Disclosure Document is attached as **Exhibit H**.

A list of the names, addresses and telephone numbers of our franchisees who have had a franchise terminated, canceled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year or who have not communicated with us within 10 weeks of the issuance date of this Disclosure Document, is attached as **Exhibit I**.

Confidentiality Clauses

During the past 3 fiscal years, some franchisees have signed confidentiality agreements or clauses. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with the FIX AUTO franchise system. You may wish to

speak with current and former franchisees but be aware that not all such franchisees will be able to communicate with you.

Trademark-Specific Franchisee Organizations

There are no trademark-specific franchisee organizations.

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

ITEM 21 FINANCIAL STATEMENTS

Attached as **Exhibit C** are the audited financial statements of Driven Systems, our parent company, as of December 25, 2021, December 26, 2020, and December 28, 2019; and Driven Systems' unaudited balance sheet as of March 26, 2022, and its unaudited statements of income and cash flows for the 3-month period ended March 26, 2022. Driven Systems guarantees the performance of FUSA. A copy of the guarantee of Driven Systems also is attached to this Disclosure Document as **Exhibit C**.

As reflected in Item 1, Driven Brands will be providing required support and services to franchisees under a management agreement with us. Attached as **Exhibit C** are the audited financial statements of Driven Brands as of December 25, 2021, December 26, 2020, and December 28, 2019; and Driven Brands' unaudited balance sheet as of March 26, 2022, and its unaudited statements of income and cash flows for the 3-month period ended March 26, 2022. These financial statements are being provided for disclosure purposes only. Driven Brands is not a party to the Franchise Agreement we sign with franchisees nor does it guarantee our obligations under the Franchise Agreement we sign with franchisees.

As noted in Item 1, Driven Brands and certain entities affiliated with Driven Brands have entered into several secured financing transactions in addition to the Secured Financing Transaction (and may enter into other securitization/financing transactions in the future). Certain indirect subsidiaries of Driven Brands, including FUSA, have, as of the closing date of the transactions or thereafter, guaranteed the indebtedness incurred in connection with these transactions. See the Footnotes to the financial statements in **Exhibit C** for more information about these transactions.

ITEM 22 CONTRACTS

The following agreements are attached to this Disclosure Document:

Exhibit B	Franchise Agreement (with Exhibits)	
	Exhibit 1.1(A)	Approved Premises, Territory, Pre-Existing Businesses, Design and Appearance, and Initial Franchise Fee
	Exhibit 2.3	List of Preferred Suppliers
	Exhibit 2.13(A)	Electronic Funds Transfer Agreement
	Exhibit 2.13(B)	Electronic Debit Authorization
	Exhibit 4.10	Guaranty, Indemnification and Acknowledgement

	Exhibit 6.1	FIX AUTO Claims Solutions (“FCS”) Agreement
	Exhibit 12.5	Items Franchisee is Required to Provide to Trigger Franchisor Option Period and/or Franchisor Evaluation Period Pursuant to Section 12.5 of the Franchise Agreement
Exhibit D	Statement of Prospective Franchisee	
Exhibit F	General Release of All Claims	
Exhibit G	State Riders to Franchise Agreement	
Exhibit J	Form of Service Level Agreement	

ITEM 23 RECEIPTS

Our and your copies of the Franchise Disclosure Document Receipt are located on the last 2 pages of this Disclosure Document.

EXHIBIT A
TO FRANCHISE DISCLOSURE DOCUMENT

LIST OF STATE AGENTS FOR SERVICE OF PROCESS AND STATE ADMINISTRATORS

STATE AGENCIES/AGENTS
FOR SERVICE OF PROCESS

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

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

There also may be additional agents appointed in some of the states listed.

CALIFORNIA

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

Los Angeles

Suite 750
320 West 4th Street
Los Angeles, California 90013-2344
(213) 576-7500

Sacramento

2101 Arena Boulevard
Sacramento, California 95834
(866) 275-2677

San Diego

1455 Frazee Road, Suite 315
San Diego, California 92108
(619) 525-4233

San Francisco

One Sansome Street, Suite 600
San Francisco, California 94104-4428
(415) 972-8559

HAWAII

(for service of process)

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

(for other matters)

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

ILLINOIS

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

INDIANA

(for service of process)

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

(state agency)

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

MARYLAND

(for service of process)

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

(state agency)

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

MICHIGAN

Michigan Attorney General's Office
Consumer Protection Division
Attn: Franchise Section
G. Mennen Williams Building, 1st Floor
525 West Ottawa Street
Lansing, Michigan 48933
(517) 335-7567

MINNESOTA

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

NEW YORK

(for service of process)

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

(Administrator)

NYS Department of Law
Investor Protection Bureau
28 Liberty Street, 21st Floor
New York, New York 10005
(212) 416-8236

NORTH DAKOTA

(for service of process)

Securities Commissioner
North Dakota Securities Department
600 East Boulevard Avenue, Suite 414
Bismarck, North Dakota 58505
(701) 328-4712

(state agency)

North Dakota Securities Department
600 East Boulevard Avenue, Suite 414
Bismarck, North Dakota 58505
(701) 328-2910

OREGON

Oregon Division of Financial Regulation
350 Winter Street NE, Suite 410
Salem, Oregon 97301
(503) 378-4140

RHODE ISLAND

Securities Division
Department of Business Regulations
1511 Pontiac Avenue
John O. Pastore Complex-Building 69-1
Cranston, Rhode Island 02920
(401) 462-9500

SOUTH DAKOTA

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

VIRGINIA

(for service of process)

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

(for other matters)

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

WASHINGTON

(for service of process)

Director Department of Financial Institutions
Securities Division
150 Israel Road SW
Tumwater, Washington 98501
(360) 902-8760

(for other matters)

Department of Financial Institutions
Securities Division
P. O. Box 9033
Olympia, Washington 98501-9033
(360) 902-8760

WISCONSIN

(for service of process)

Administrator, Division of Securities
Department of Financial Institutions
4822 Madison Yards Way, North Tower
Madison, Wisconsin 53705
(608) 266-2139

(state administrator)

Division of Securities
Department of Financial Institutions
4822 Madison Yards Way, North Tower
Madison, Wisconsin 53705
(608) 266-9555

EXHIBIT B
TO FRANCHISE DISCLOSURE DOCUMENT

FRANCHISE AGREEMENT AND EXHIBITS

FUSA FRANCHISOR SPV LLC

FRANCHISE AGREEMENT AND RELATED EXHIBITS

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EXHIBIT 2.3	LIST OF PREFERRED SUPPLIERS
EXHIBIT 2.13(A)	ELECTRONIC FUNDS TRANSFER AGREEMENT
EXHIBIT 2.13(B)	ELECTRONIC DEBIT AUTHORIZATION FORM
EXHIBIT 4.10	GUARANTY, INDEMNIFICATION AND ACKNOWLEDGMENT
EXHIBIT 6.1	FIX AUTO CLAIMS SOLUTIONS (“FCS”) AGREEMENT
EXHIBIT 12.5	ITEMS FRANCHISEE IS REQUIRED TO PROVIDE TO TRIGGER FRANCHISOR OPTION PERIOD AND/OR FRANCHISOR EVALUATION PERIOD PURSUANT TO SECTION 12.5 OF THE FRANCHISE AGREEMENT

Franchise Agreement/
Shop Number: _____

FIX AUTO FRANCHISE AGREEMENT

Effective Date:_____

Expiration Date:_____

Franchisor: **FUSA Franchisor SPV LLC**, a Delaware limited liability company

Franchisee:_____

Franchisee Percentage Ownership (Shareholder, Partner, Member or Individual):

Name: _____ Percentage Ownership _____

Name: _____ Percentage Ownership _____

Name: _____ Percentage Ownership _____

Designated Operator (Section 15.10):_____

Approved Premises:_____

RECITALS

A. Franchisor and its predecessors have expended time, effort and money to develop a distinctive concept and operating system for the establishment and operation of a network of businesses specializing in auto body repair work and offering complete after-collision services (the "**System**").

B. Mondofix, Inc., a Canadian corporation ("**Licensor**"), is the owner of the right, title, and interest together with all the goodwill connected thereto in and to the trade names, including, but not limited to, the name "FIX AUTO®", service marks, trademarks, logos, and other commercial symbols, as are now designated (and may hereinafter be designated by Franchisor in writing) as part of the System (collectively, the "**Marks**").

C. Licensor has granted Franchisor (and in the past Franchisor's predecessor) an exclusive right and license in the United States to use the Marks in connection with the System pursuant to that Second Amended and Restated License Agreement dated December 17, 2008, as amended November 1, 2010, which was renewed on September 17, 2017.

D. In addition to the Marks, the System includes certain standards with respect to the nature and quality of the automobile collision repair facilities (the "**FIX AUTO Shops**") and the related services, including, without limitation, a FIX AUTO confidential operational manual (the "**Operations Playbook**"), technical assistance in the development of FIX AUTO Shops and their on-going success based on defined and uniform specifications with respect to layouts, equipment, supply, personnel recruiting, hiring and training, marketing and advertising, record keeping and reporting, unique customer follow-up and quality control programs, and other distinctive elements, all of which may be changed, improved and further developed by Franchisor from time to time.

E. Franchisee understands the importance to Franchisor of maintaining high and uniform standards of quality and service and the necessity of ensuring that the development and operation of the FIX AUTO Shops conform with the System and Franchisor's standards and specifications.

F. Franchisor understands, in most instances, Franchisee is already operating an automobile collision repair facility (the "**Pre-existing Business**") and, to the extent the standards currently employed by Franchisee meet or exceed the standards proposed by Franchisor, Franchisee will not be required to alter its pre-existing methods and standards.

G. Franchisee, being fully informed of the above and after discussions with Franchisor over the terms and conditions of the contractual relationship contemplated by this Agreement, wishes to obtain a license to use the System in the development and operation of a FIX AUTO Shop at the location specified in this Agreement (the "**Franchised Business**").

NOW, THEREFORE, in consideration of the foregoing, the fees and other sums payable by Franchisee and of the mutual covenants contained in this Agreement, the parties agree as follows:

1. LICENSE: SCOPE AND TERM

1.1 Premises and Territory

A. Franchisor grants to Franchisee a non-exclusive license, subject to the terms and conditions hereof, for the Term (as defined in Section 1.4) of this Agreement to use the System and the Marks, and such other marks as Franchisor may authorize from time to time in the operation of a FIX AUTO Shop located at the Approved Premises described on Page 1, and as more fully described in Exhibit 1.1A, attached hereto, (the "**Approved Premises**"). Franchisor agrees that, so long as Franchisee is in Good Standing (as defined in Section 4.17), neither it nor its affiliates will establish or operate, or authorize another FIX AUTO franchisee to establish or operate, a FIX AUTO Shop using the System or Marks within a one (1)-mile radius from the Approved Premises (as measured in a straight line—as the crow flies—from the exterior walls of the Approved Premises) (the "**Territory**"). Franchisee will not receive an exclusive territory. During the Term of this Agreement, the Approved Premises shall be used solely for the operation and promotion of the Franchised Business.

B. Franchisor and Franchisee's rights in the Territory are exactly (and only) as expressly set forth in this Section 1.1. Except as expressly provided in this Agreement, Franchisee has no right to exclude, control or impose conditions on the location, operation or otherwise of present or future FIX AUTO (or any other brand) Shops or distribution channels of any type, licensed, franchised or company-owned, regardless of their location or proximity to the Approved Premises and whether or not they provide goods or services to customers within the Territory. Franchisee does not have any rights with respect to other and/or related businesses, products and/or services, in which Franchisor or any of Franchisor's affiliates may be involved, now or in the future.

C. Franchisor and its parent and affiliates expressly reserve all other rights, and can (along with anyone Franchisor designates):

(1) open, own and/or operate any kind of business:

(i) in the Territory (including any competing business), except for a FIX AUTO Shop, so long as Franchisee meets the minimum performance standards ("**Performance Standards**") (as set forth in Section 13.5 of this Agreement) and complies with all other provisions in this Agreement; and

(ii) outside the Territory, including, without limitation, FIX AUTO Shops;

(2) develop or become associated with other concepts (including dual branding and/or other franchise systems), whether or not using the System and/or the Marks, and award franchises under such other concepts for businesses located and/or operating anywhere, including any competing concept in the Territory; and

(3) acquire, be acquired by, merge, affiliate with or engage in any transaction with other businesses (whether competitive or not), with units located anywhere. Such transactions may include (but are not limited to) arrangements involving existing or future competing outlets and brand conversions (to or from the Marks and System). Franchisee may be responsible for reasonable conversion costs associated with its external signage. Franchisee will have a reasonable time in which to make this conversion.

D. Except as set forth in Section 1.1A, Franchisor may sell products and services to customers located anywhere (including within the Territory), even if such products and services are similar to what Franchisor offers to a FIX AUTO franchisee, except that Franchisor will not license another to operate a FIX AUTO Shop in the Territory. This means that, among other things, Franchisor may contract with and sell services to other collision repair businesses in Franchisee's Territory, or Franchisor's affiliates may do so.

E. Except as set forth in this Agreement or in Section 1.1A, this license is non-exclusive, is for the Approved Premises and Territory only, and does not in any way grant to, or confer upon, Franchisee any proprietary rights or goodwill rights to the Marks or to any country, province, state, area, market or territory. Franchisee may face competition from other FIX AUTO franchisees located outside the Territory, and from pre-existing businesses inside the Territory, or from shops owned by Franchisor or from other channels of distribution or competitive brands controlled by Franchisor.

F. Franchisor may develop, establish or acquire other franchise systems for the same, similar or different services and may grant licenses thereto, without providing Franchisee any right therein.

G. Franchisee must not conduct a FIX AUTO Shop, use the Marks and/or System, from any location other than the Approved Premises, or for any other purpose (other than Franchisee's Pre-existing Business) except as approved by Franchisor in writing, which approval shall not unreasonably be withheld or delayed, or as described in Exhibit 1.1A, hereto. Franchisee must not conduct any activities from the Approved Premises other than the operation of the Franchised Business. Franchisee will not engage in any other business or activity that may conflict with its obligations under this Agreement, unless given Franchisor's prior written approval, which approval will not be unreasonably withheld or delayed.

1.2 Site Selection

Before entering into this Agreement: (a) Franchisee acquired or leased, at its expense, the Approved Premises pursuant to the terms of a lease, sublease, or purchase agreement for the Approved Premises (a "**Location Agreement**") that Franchisee provided to Franchisor for Franchisor's review and acceptance prior to its execution and that Franchisor accepted, subject, if applicable, to certain written modifications to the Location Agreement required by Franchisor; (b) Franchisee provided Franchisor a fully executed copy of the Location Agreement; and (c) Franchisor and Franchisee mutually agreed upon any improvements that must be made to the Approved Premises. Acceptance by Franchisor of any site is not a recommendation, approval or endorsement of such site. Factors Franchisor considers in approving a site include demographics, accessibility, suitability, competing facilities and other factors. Franchisor makes no

representations or warranties as to the success of any site, the fairness of the Location Agreement, or Franchisee's ability to comply with the terms of the Location Agreement. Neither Franchisor, nor any of its affiliates, will have any liability for any site-related matter or due to Franchisor's review and acceptance of the Location Agreement. Franchisee agrees not to make any claims against Franchisor or any of its affiliates with specific regard to the Approved Premises or the Location Agreement. If, during the Term of this Agreement, Franchisee enters into a new Location Agreement for the Approved Premises, Franchisee must provide Franchisor for Franchisor's review and acceptance a copy of the proposed new Location Agreement in accordance with this Section 1.2.

1.3 Initial Term

The initial term of this Agreement (the "**Initial Term**") is for five (5) years commencing on the Effective Date of this Agreement. Franchisee agrees to operate the FIX AUTO Shop for the entire Initial Term of this Agreement, unless Franchisee receives Franchisor's prior written approval to transfer its interest in the franchise pursuant to Section 12 of this Agreement, or unless the Location Agreement for the Approved Premises is terminated at no fault of Franchisee and Franchisee cannot find an alternative location to operate the franchise that is acceptable to Franchisor.

1.4 Renewal; Terms and Conditions

A. Franchisee may, at its option, renew this franchise for five (5) additional consecutive five (5)-year terms (each a "**Renewal Term**" and collectively with the Initial Term, the "**Term**" of this Agreement), provided that:

(1) Franchisee has given Franchisor written notice of its decision to renew not less than six (6) months nor more than twelve (12) months before the expiration of the then-current term;

(2) Franchisee must pay all past due amounts under this Agreement and any other agreements between Franchisee and Franchisor or its affiliates;

(3) Franchisee is not in default of any term or condition of this Agreement or any other agreement between Franchisee and Franchisor or its affiliates on the date of Franchisee's notice of renewal and the effective date of renewal, and has substantially complied with all the terms and conditions of this Agreement and of all other agreements between Franchisee and Franchisor or any of its affiliates, throughout the then-current term, including meeting Franchisor's minimum Performance Standards as set forth in Section 13.5 of this Agreement;

(4) Franchisee executes upon renewal Franchisor's then-current form of franchise agreement, which agreement shall supersede in all respects this Agreement, and the terms of which may differ materially from the terms of this Agreement in financial and other ways and terms;

(5) Franchisee and its owners, partners, or members execute a general release in a form and substance satisfactory to Franchisor, releasing any and all claims against Franchisor and its affiliates, officers, directors, employees and agents;

(6) Franchisee has, at its expense, made such reasonable capital expenditures necessary to remodel, modernize and redecorate the Approved Premises of the Franchised Business and to replace and modernize the furniture, fixtures, supplies and equipment used in Franchisee's business so that Franchisee's business reflects the then-current physical appearance of new FIX AUTO Shops generally;

(7) Franchisee has, at its expense, substantially complied with Franchisor's then-current qualification and training requirements as Franchisor reasonably requires;

(8) Franchisee has paid a renewal processing fee of One Thousand Dollars ($1,000) to Franchisor at least thirty (30) days before the then-current term expires to compensate Franchisor for direct and indirect costs and expenses associated with the renewal; and

(9) Franchisee is able to secure a renewal or extension of the Location Agreement (if applicable) for the Approved Premises.

B. Due to the nature of Franchisor's preferred programs, if Franchisee has not provided written notice within the specified time of its intent to exercise its right to renew, Franchisor, following five (5) days prior written notice to Franchisee, may notify its vendors and insurance partners of the possibility of nonrenewal by Franchisee. Franchisee's continued participation in those programs will be at the discretion of the vendors and insurance partners.

This Agreement does not automatically renew, nor is any successor franchise automatically awarded.

1.5 Franchisor's Refusal to Renew Franchise

Franchisor may refuse to renew the franchise if Franchisee is in default under this Agreement, or any other agreement with Franchisor or an affiliate of Franchisor, or if Franchisee fails to satisfy any of the foregoing conditions. Subject to the above, Franchisor will not unreasonably deny renewal of this Franchise.

1.6 Notice of Expiration Required by Law

If applicable law requires that Franchisor give a longer period of notice to Franchisee than herein provided prior to the expiration of the Initial Term or any additional Renewal Term, Franchisor will give such additional required notice. If Franchisor does not give such required additional notice, this Agreement shall remain in effect on a month-to-month basis until Franchisee has received such required notice. If Franchisor is not offering new franchises, is in the process of revising, amending or renewing its form of franchise agreement or Franchise Disclosure Document, or is not lawfully able to offer Franchisee its then-current form of franchise agreement, at the time Franchisee delivers to Franchisor a notice to renew under the terms of this Agreement, then Franchisor may, in its reasonable discretion: (i) offer to renew this Agreement upon the same terms set forth herein or (ii) offer to extend the current term on a week-to-week basis following the expiration of the Term for as long as Franchisor deems it necessary or appropriate so that Franchisor may lawfully offer Franchisee its then-current form of franchise agreement.

1.7 Holdover

If Franchisee does not timely renew this franchise in accordance with Section 1.4, above, and Franchisor permits Franchisee to continue after the franchise and/or Term would otherwise end pursuant to this Agreement, then (but without prejudice to any of the Franchisor's other rights or remedies):

(a) Franchisee must continue to operate the Franchised Business on a monthly basis;

(b) Franchisee shall operate the Franchised Business on the same terms and conditions as are contained in this Agreement so far as such terms would be applicable to a monthly license;

(c) Franchisor may increase the monthly Base Fee by fifty percent (50%);

(d) the monthly license may be terminated by either party by giving the other party thirty (30) days' advance written notice, which such monthly license shall terminate as of the close of business on the thirtieth (30th) day of such notice period; and

(e) if Franchisee elects to renew the franchise for another term, the renewal processing fee will be increased to Ten Thousand Dollars ($10,000).

1.8 Relocation

Except in cases when Franchisee is in default of its Location Agreement, if the Approved Premises are lost through condemnation, loss of lease, fire or other casualty, Franchisee may identify a new location within the same Territory in which the Franchised Business was located, subject to consent of Franchisor. Franchisee must apply for Franchisor's consent to relocate to the new location for the Franchised Business and execute a general release in favor of Franchisor, both in the form prescribed by Franchisor. Franchisor will consent to or reject Franchisee's relocation application in accordance with its then-current relocation and closure policy. If the Franchised Business is temporarily closed pending relocation, Franchisee may not assign any interest in the franchise to another party or entity until such time as the Franchised Business is once again in operation, as determined by Franchisor. Any such relocation shall be at Franchisee's sole expense and Franchisor shall have the right to charge Franchisee for any costs incurred by Franchisor, and a reasonable fee for its services, in connection with any such relocation. Upon relocating, Franchisee must de-identify the former location. If Franchisee fails to de-identify the former location, Franchisee must reimburse and indemnify and hold Franchisor harmless from all costs and expenses, including attorneys' fees, arising out of Franchisee's failure to de-identify the former location.

2. FEES, METHODS OF PAYMENT AND INTEREST

2.1 Initial Franchise Fee

In consideration of the granting of this license, Franchisee shall pay to Franchisor, on or before the execution of this Agreement, a franchise fee (the "**Initial Franchise Fee**") in the amount of Ten Thousand Dollars ($10,000). The Initial Franchise Fee is fully earned by Franchisor upon the execution and delivery of this Agreement and is non-refundable. In Franchisor's sole discretion, Franchisor may waive or decrease the Initial Franchise Fee for special programs or certain situations.

2.2 Integration Fee

Franchisee agrees to pay Franchisor an integration fee (the "**Integration Fee**") in the sum of Ten Thousand Dollars ($10,000) upon the Effective Date in connection with FIX AUTO Integration (as defined in Section 3.2), provided that, if Franchisee is an existing FIX AUTO franchisee and Franchisor is granting Franchisee a franchise for an additional FIX AUTO Shop pursuant to this Agreement, Franchisee will not be required to pay Franchisor the Integration Fee. The Integration Fee is fully earned by Franchisor upon the execution and delivery of this Agreement and is non-refundable.

2.3 Base Fee (Minimum Monthly Fee)

Franchisee will pay Franchisor a monthly fee ("**Base Fee**") in an amount equal to three percent (3%) of the monthly Gross Sales of the Franchised Business (as further defined in Section 2.12). Monthly Gross Sales will be calculated on a monthly basis, looking back at the prior month.

Franchisee must pay a minimum Base Fee of Two Thousand Dollars ($2,000) per month. Franchisee will not be required to pay more than the maximum Base Fee, which is currently Seven

Thousand Five Hundred Dollars ($7,500) per month. Franchisor reserves the right to increase the Base Fee annually; however, such increase shall not exceed five percent (5%) in any given year. Franchisor shall provide Franchisee with thirty (30) days written notice of any increase in the Base Fee.

If Franchisee is in and remains in Good Standing, the Base Fee will be discounted according to Franchisee's use of certain preferred suppliers ("**Preferred Suppliers**"). A current list of Preferred Suppliers is set forth in Exhibit 2.3, hereto. If Franchisee uses one of the Preferred Suppliers of paint, either Axalta Coating Systems or PPG Industries, Franchisee will receive a 0.45% discount on the Base Fee, resulting in a Base Fee of 2.55%. Franchisee will receive an additional 0.225% discount on the Base Fee for each additional Preferred Supplier that Franchisee uses. Accordingly, if Franchisee uses one of the Preferred Suppliers of paint and two (2) other Preferred Suppliers, Franchisee will receive a discount of 0.9%, resulting in a Base Fee of 2.1% of Franchisee's monthly Gross Sales. Franchisee's actual supplier discount will be calculated monthly based on the number of Preferred Suppliers used by Franchisee.

If Franchisee is and remains in Good Standing and also purchases paint from one of Franchisor's Preferred Suppliers of paint, the Base Fee will also be discounted according to Franchisee's results and ranking under Franchisor's Performance Management Program. If Franchisee meets or exceeds Franchisor's Performance Standards on a quarterly basis, Franchisee will receive an additional 0.1875% discount. In order to be eligible for a discount under the Performance Management Program, Franchisee must be using one of Franchisor's Preferred Suppliers of paint, either Axalta Coating Systems or PPG Industries. Notwithstanding anything to the contrary contained in this Section 2.3, Franchisee will not receive any discount on the Base Fee if Franchisee purchases from Axalta Coating Systems any of the following brands of paint: Value brand paint products, including, but not limited to, Duxone, Nason XL, Montana Big Sky, Challenger, and/or Metalux.

In addition to the Preferred Suppliers, Franchisor has approved and works with certain national brands and companies ("**Approved Suppliers**") that sell goods and services to the System and which provide group discounts directly to FIX AUTO franchisees. The Preferred Suppliers and Approved Suppliers also pay Franchisor a fee, based on goods and services purchased by Franchisee, in return for access to the System. Franchisee recognizes that Franchisor generates revenue, above and beyond royalties, brand and other fees, from these Preferred Supplier and Approved Supplier relationships. This anticipated revenue stream from Preferred Suppliers and Approved Suppliers is part of Franchisor's economic model and is factored into the services it provides, and the other royalties and fees that it may charge Franchisee. Franchisee may, in good faith, choose to use, or not use, a Preferred Supplier or Approved Supplier. If Franchisee does not use a Preferred Supplier, it must use a supplier of equal quality or an Approved Supplier if Franchisor identifies one. Franchisor may designate the manner or method in which purchases are made by Franchisee through Preferred Suppliers and/or Approved Suppliers. Franchisor shall update and make available to Franchisee the Preferred Supplier list and Approved Supplier list, no less than quarterly.

2.4 Growth Fee

On a quarterly basis, Franchisee will pay Franchisor a "**Growth Fee**." The Growth Fee will be calculated by comparing the difference between Franchisee's Gross Sales in a particular quarter versus the Quarterly Base Volume. If Franchisee's quarterly Gross Sales are greater than the Quarterly Base Volume, Franchisor will assess a Growth Fee of three percent (3%) on the growth amount. If Franchisee's Gross Sales do not increase in the current year's quarter versus the Quarterly Base Volume, then Franchisee will not be required to pay a Growth Fee for that particular quarter. Franchisor may, but is not obligated to, offer a discount on the Growth Fee to Franchisee if Franchisee owns multiple FIX AUTO Shops.

For purposes of this Section 2.4:

(a) "**Quarterly Base Volume**" means the amount equal to the Annual Base Volume (as hereafter defined) divided by four (4). The Quarterly Base Volume is set forth on Exhibit 1.1A.

(b) "**Annual Base Volume**" means the average annual Gross Sales of the Franchised Business during the three (3)-year period immediately preceding the Effective Date of this Agreement, as calculated by Franchisor. If the Franchised Business has operated for less than one (1) year as of the Effective Date, Franchisor shall calculate the Franchised Business's Annual Base Volume by annualizing the average monthly Gross Sales of the Franchised Business from the Franchised Business's opening date to the Effective Date of this Agreement. Franchisee must provide Franchisor all financial statements and/or other information that Franchisor reasonably requests to verify the Franchised Business's Gross Sales during the three (3)-year period prior to the Effective Date.

2.5 Advertising Fee

Each month during the Term, Franchisee will pay to Franchisor an "**Advertising Fee**" in an amount equal to three quarters of one percent (0.75%) of Franchisee's Gross Sales, which amount will not exceed Nine Hundred Fifty Dollars ($950) per month, unless a majority of Franchisees in a DMA agree to a higher amount. This fee covers the Advertising Program for Franchisee's DMA. (See Section 6.2 in this Agreement for additional information concerning the Advertising Fee.)

2.6 Central Review Fee

Each month during the Term, Franchisee will pay to Franchisor its then-current "**Central Review Fee**" equal to a percentage of Franchisee's Gross Sales generated by Corporately Managed Insurance Programs (defined in Section 4.14). The Central Review Fee is applied towards the costs of Franchisor's central review program, including the cost of managing and administering Corporately Managed Insurance Programs, and negotiating and administering contracts, with auto insurance companies and other third parties, and may be applied to additional insurance programs that mandate Franchisor's central review oversight. Franchisor may increase the amount of the Central Review Fee at any time during the Term by providing Franchisee thirty (30) days' prior written notice.

2.7 Additional Marketing Campaigns

From time to time, Franchisee's region may elect by a majority vote of franchisees within the region to conduct additional advertising not previously included in the region's marketing budget. Franchisee will be responsible for its share of these funds which will be added to Franchisee's monthly invoice issued by Franchisor (as described in Section 2.13); provided, however, that Franchisee's annual share of such advertising shall not exceed Ten Thousand Dollars ($10,000) without either a majority vote of the franchisees within the region or the prior written consent of Franchisee.

2.8 Training Fee

For a flat fee of Two Hundred Ninety-Nine Dollars ($299) per year (subject to change upon thirty (30) days' prior written notice), Franchisee is provided access to web-based training on Franchisor's intranet (Collision University). This fee, which includes annual license fees and content development, is payable to Franchisor and is non-refundable. It is payable in a lump sum on January 15th each year. Franchisee's first training fee is prorated and will be due on the fifteenth (15^{th}) day of the fourth (4^{th}) month following the Effective Date of this Agreement. Specific instructor-led courses may be made available periodically at a per course fee. This fee is payable to Franchisor and is non-refundable.

2.9 Non-reporting Fee

Franchisor has the right to assess Franchisee a fee of Seven Hundred Fifty Dollars ($750) per month each time Franchisee fails to submit any of the reports required by Franchisor when due. This fee shall be in addition to any other fee set forth in this Section 2. Franchisee will receive written notification that a required report is past due. If Franchisee does not submit the required report by the end of the third (3rd) business day after Franchisor provides Franchisee with written notification, Franchisor will assess a nonrefundable non-reporting fee of Seven Hundred Fifty Dollars ($750) against Franchisee for each month the required report is not submitted.

2.10 Software Fees

Franchisee must select and purchase a management system for the Franchised Business only from a designated supplier. Franchisee shall pay such supplier the applicable installation and training fees in connection with the initial set-up and installation of the management system that Franchisee purchases for the Franchised Business. Franchisee also agrees to pay the supplier any monthly or other recurring fees for mandatory or optional support, assistance, or other programs or services provided to Franchisee in connection with such management system, as set forth in Franchisor's then-current Franchise Disclosure Document, the Operations Playbook or otherwise in writing by Franchisor. Franchisee must submit payment of the management system fees imposed by the supplier to Franchisor, if Franchisor collects these fees on the supplier's behalf. Franchisee acknowledges and agrees that the installation and training fees and monthly or other recurring fees payable in connection with the management system for the Franchised Business may be due and payable to the supplier (or Franchisor, as applicable) beginning ninety (90) days prior to the Franchised Business's opening date.

2.11 fixautousa.com Fee

Franchisee and certain Franchised Business employees are assigned e-mail addresses at Franchisor's fixautousa.com domain, and Franchisee must pay Franchisor its then-current e-mail address fees. To maintain uniformity of the naming convention, Franchisee may not modify/change the accounts Franchisor provides. Franchisor will communicate with Franchisee by e-mail only through the e-mail address Franchisor provides to Franchisee on the fixautousa.com domain.

2.12 Gross Sales

The term "**Gross Sales**" as used in this Agreement shall mean all revenues (including the proceeds from any Business Interruption insurance, sublet labor and new and used replacement parts, direct labor and refinish material) derived, directly or indirectly, from all business conducted upon, from or in connection with the Franchised Business, whether such revenues be evidenced by check, cash, cash equivalent, credit, charge account, exchange or otherwise, and shall include, but not be limited to, the amounts received from the sale of goods, wares and merchandise, tangible property of every kind and nature, promotional or otherwise, and for services performed at the Franchised Business. Gross Sales shall not include the amount of any refunds, discounts, coupons or returns or any sales tax imposed by any federal, state or other governmental authority directly on sales and collected from customers, provided that the amount thereof is added to the selling price or specifically absorbed therein, and actually paid by Franchisee to such governmental authority. Each charge or sale upon installment or credit shall be treated as a sale for the full price in the month during which such charge or sale shall be received. In addition, Franchisor may, from time to time, permit or allow certain other items to be excluded from Gross Sales. In order to be effective, any such permission or allowance must be granted by Franchisor in writing, and any such permission or allowance may be revoked or withdrawn at the reasonable discretion of Franchisor at any time. The granting by Franchisor of any such permission or allowance shall be applicable only to the

items expressly specified in writing and shall not constitute a waiver by Franchisor of its rights thereafter to require strict compliance with the terms hereof.

2.13 Method of Payment and Application of Payments

Each month during the Term, Franchisee will pay to Franchisor on or before the twentieth (20th) day of each month, the Base Fee, the Advertising Fee, the Growth Fee, the Central Review Fee, and any and all other fees due under this Agreement and billed on the monthly invoice statement (the "**Monthly Invoice**"). If Franchisor requires it, Franchisee agrees that it will participate in Franchisor's current electronic funds transfer and reporting program(s) and will execute the Electronic Funds Transfer Agreement and the Debit Authorization Form set forth in Exhibits 2.13(A) and (B) to this Agreement. Currently, Franchisor requires that all payments owed to it, or any of its affiliates, and any other amounts designated by Franchisor, must be received or credited to Franchisor's account by pre-authorized bank debit or charges against Franchisee's checking account. Franchisee will sign Franchisor's then-current electronic funds transfer agreement and electronic debit authorization form. Notwithstanding any designation by Franchisee, Franchisor shall have sole discretion to apply any payments by Franchisee to any past due indebtedness of Franchisee for any fees or other indebtedness owed to Franchisor or any of its affiliates.

2.14 Interest and Late Fees

Franchisor reserves the right to charge Franchisee interest at the highest applicable legal rate for open account business credit, but not to exceed one and one-half percent (1.5%) per month, on all amounts not paid when due, until paid in full. Additionally, Franchisor may require Franchisee to pay an administrative late fee of Fifty Dollars ($50) for each late payment. If Franchisor experiences repeated late payments by Franchisee, then Franchisor may require Franchisee to pay all amounts by cashier's check. Franchisor may charge Franchisee for any fees and costs, including third-party processing fees, spent collecting debts or amounts owed to it by Franchisee.

2.15 Additional Fees

In addition to the fees set forth in this Agreement, Franchisor reserves the right to establish new or additional fees to offset the costs that Franchisor incurs during the Term of this Agreement to (a) provide specific services to Franchisee and (b) to implement new programs and other modifications to the System. Franchisor shall provide at least ninety (90) days' notice to Franchisee before implementing any such new or additional fee.

3. SERVICES AVAILABLE TO FRANCHISEE

3.1 Building Plans, Equipment Supplies and Inventory

In the event Franchisor is aware that Franchisee intends to build a new location for the Franchised Business or the existing facility for the Franchised Business requires modifications, Franchisor will provide Franchisee with Franchisor's standard building plans, including exterior and interior layouts, and will designate the standard fixtures, equipment, supplies, signs and initial inventory for use in the Franchised Business. In addition, Franchisor will provide Franchisee with lists of approved products and/or suppliers, as further described in Section 4 herein and/or the Operations Playbook.

3.2 FIX AUTO Integration

A. In order to be eligible for participation in Franchisor's programs (such as insurance, procurement, and marketing) being offered as part of the System, Franchisee must complete the

FIX AUTO Integration Program ("**FIX AUTO Integration**") within fifteen (15) weeks after the Effective Date (the "**FIX AUTO Integration Period**"). During the first week of the FIX AUTO Integration Period, initial administrative matters will be addressed. Thereafter, in order to complete FIX AUTO Integration, Franchisee should complete all tasks required, including, but not limited to, those listed below, within the fifteen (15)-week timeline with assistance from representatives from Franchisor's franchise services, operations, training, marketing, technology, and procurement departments:

(1) Franchisee (or its designated management employee) must attend Franchisor's orientation/training program, which is provided, in Franchisor's sole discretion, at a location designated by Franchisor or virtually;

(2) Install and immediately begin using an approved management system and related software (see Sections 4.2 and 4.6);

(3) Use FIX AUTO Enhanced Warranty and National Warranty Programs materials (in compliance with Section 4.12);

(4) Purchase paper supplies (letterhead and business cards) incorporating the Marks, which comply with Franchisor's specifications;

(5) Order name badges and/or career wear for office staff;

(6) Within thirty (30) days after the Effective Date of this Agreement, obtain access to Collision University. Franchisee and its employees must successfully complete all online courses listed in the "FIX AUTO Integration Learning Program" within the FIX AUTO Integration Period;

(7) Submit insurance certificates and endorsements in compliance with Section 8.3;

(8) Incorporate "FIX AUTO" in phone greeting;

(9) Adopt approved "FIX AUTO" fictitious name; and

(10) Complete such items as specified in the current FIX AUTO Integration timeline, along with other work and improvements as are required to bring the Franchised Business up to Franchisor's standards.

Upon Franchisee's written request, Franchisor may extend the FIX AUTO Integration Period. Any extension granted will be for a period of up to thirty (30) days, as determined by Franchisor. Franchisor will not unreasonably deny a request by Franchisee for an extension, provided that Franchisee has diligently pursued commencement and completion of FIX AUTO Integration activities. Franchisee must complete all tasks required in accordance with Franchisor's standards and specifications and complete FIX AUTO Integration before participation in certain programs will be allowed.

B. Franchisee acknowledges and agrees that Franchisor will have no liability or obligation to Franchisee for any losses, obligations, liabilities or expenses incurred by Franchisee in the event that this Agreement is terminated prior to the completion of FIX AUTO Integration or at any other time because Franchisee has not fully complied with the terms and conditions of this Agreement, including any amendments hereto.

3.3 Training

A. Franchisor will, at its expense, provide management training courses to Franchisee pursuant to Section 4.11 below, at Franchisor's then-current headquarters or at another location Franchisor designates. Franchisee (or its designated management employee) must successfully complete certain of these training courses prior to opening Franchisee's FIX AUTO Shop or shortly thereafter. Franchisor has the right to reasonably designate the actual course selection and scheduling for Franchisee. Franchisee will be responsible for travel costs, room and board, salaries, fringe benefits and other expenses incurred by Franchisee and/or its designated management employee, if applicable, in attending the training courses.

B. No individual will be permitted or authorized at any time during the Term of this Agreement to manage the Franchised Business unless he/she has successfully completed the training courses designated by Franchisor. If Franchisee (or its designated management employee) fails to successfully complete the applicable training courses, Franchisor may treat such failure as a breach of a material obligation under this Agreement, following notice to Franchisee with reasonable opportunity to cure, and terminate this Agreement.

C. If Franchisee is given notice of default, as set forth in Sections 13 and 16, and the default relates, in whole or in part, to Franchisee's failure to meet any operational standards, Franchisor has the right to require as a condition of curing the default that Franchisee, at Franchisee's expense, comply with the reasonable additional training requirements prescribed by Franchisor. Franchisee will be responsible for travel costs, room and board, salaries, fringe benefits and other expenses incurred by Franchisee and/or its designated management employee, if applicable, in attending the training courses.

D. At the reasonable request of Franchisor, Franchisee, the FIX AUTO Shop manager, or a designated representative of Franchisee shall attend supplemental or refresher training programs, sales meetings, operations meetings, advertising meetings and conventions which may be offered by Franchisor from time to time during the Term. All reasonable expenses incurred for the aforementioned programs, meetings and conventions, including, without limitation, the cost of the meeting, travel, room, board and wages, shall be borne by Franchisee. Franchisee is required to attend a maximum of one, multi-day event per year, which is called the National Conference. If Franchisee fails to attend the National Conference any year during the Term, Franchisee shall remain liable for payment of regular convention registration costs, as if Franchisee had attended. Franchisee further agrees that Franchisee, or a management employee designated by Franchisee, shall attend franchisee meetings held locally or regionally approximately six (6) to nine (9) times per year. If Franchisee owns and operates multiple FIX AUTO Shops, then Franchisee must designate and require a management employee from each FIX AUTO Shop to attend the required franchisee meetings. Franchisee may miss one required franchisee meeting per calendar year. If Franchisee (or its designated management employee) misses more than one required franchisee meetings during a calendar year, Franchisor may, at its discretion, charge Franchisee a fee in the amount of Five Hundred Dollars ($500) (the "**Non-Attendance Fee**") for each additional required franchisee meeting Franchisee fails to attend. The Non-Attendance Fee will be used to cover Franchisor's costs in conducting the monthly meetings. Franchisor agrees to make reasonable efforts to limit the amount of time Franchisees will be required to attend franchisee-related meetings away from their offices during normal business hours.

E. Franchisee, at its sole expense, shall conduct ongoing training programs at the Franchised Business for employees.

F. If warranted by government regulations, emergency guidelines, enforced quarantines, travel restrictions, a natural disaster, force majeure or other event outside of Franchisor's control, Franchisor reserves the right to conduct any and all training, classes, courses, meetings, and

conferences, online, telephonically, or otherwise, or to cancel or delay any and all such training, classes, courses, meetings, and conferences.

3.4 Loaning of the Operations Playbook

If not previously provided to Franchisee, concurrent with the execution of this Agreement and for the Term, Franchisor shall loan Franchisee the most current versions of the Operations Playbook, as well as other written standards, specifications, procedures and guidelines as well as approved or designated vendors or sources for the System. The Operations Playbook and all other such information shall be returned to Franchisor promptly upon the expiration or earlier termination of this Agreement. Franchisor may provide the Operations Playbook to Franchisee through Collision University or otherwise on the Internet.

3.5 Initial and Ongoing Assistance

Franchisor shall provide, at Franchisor's expense, such initial and continuing advisory assistance in connection with the operation of Franchisee's FIX AUTO Shop as it deems appropriate. Such assistance may be provided, in Franchisor's discretion, by Franchisor's directives, System bulletins, meetings and seminars, telephone, computer, e-mail, fax, personal visits, newsletters or manuals. Franchisor may provide regular consultation and advice to Franchisee in response to inquiries from Franchisee regarding administrative and operating issues that Franchisee brings to Franchisor's attention. Franchisor may make recommendations that it deems appropriate to assist Franchisee's efforts. However, Franchisee alone will establish all requirements, consistent with Franchisor's policies, regarding (i) employment policies, hiring, firing, training, wage and hour requirements, record keeping, supervision, and discipline of employees; (ii) the individuals to whom Franchisee will offer and sell its products and services; and (iii) the suppliers from whom Franchisee obtains any products or services used in or at the FIX AUTO Shop for which Franchisor has not established Approved Suppliers. The rendering of any consultation, advise, assistance, consent, approval or services by Franchisor, as set forth in this Agreement, does not constitute any assurance or guaranty that such consultation, advice, assistance, consent, approval or services will result in any level of success of Franchisee's business. Any Franchisor services set forth in this Agreement may be provided by Franchisor and/or representative(s) or designee(s) of Franchisor.

4. STANDARDS OF OPERATION

4.1 The Operations Playbook

The parties agree that the adherence of all franchisees to Franchisor's high standards in FIX AUTO Shop designs and color schemes, signage, interior décor, equipment systems, product and supplies specifications, service methods and procedures is necessary and essential to the image and success of each FIX AUTO Shop and the System. The Operations Playbook contains mandatory and suggested minimum FIX AUTO Shop operating standards, specifications and procedures as prescribed from time to time by Franchisor for the operation of a FIX AUTO Shop by Franchisee. Any required specifications, standards, and/or operating procedures exist to protect Franchisor's interests in the System and the Marks and to create a uniform customer experience, and not for the purpose of establishing any control or duty to take control over those day-to-day operational matters that are reserved to Franchisee. With respect to the Franchised Business, Franchisee shall strictly adhere to the standards, specifications and procedures set forth in the Operations Playbook or other written directives issued by Franchisor. The Operations Playbook and such directives shall be kept at the Franchised Business at all times. Franchisee agrees to accept and comply with any changes, modifications, revisions and additions to the Operations Playbook and the System made by Franchisor in its exercise of its Business Judgment as to what is in the best interests of the System. Upon receipt, all such changes, modifications, revisions and additions to the Operations Playbook

prescribed by Franchisor shall be inserted in any hardcopy version of the Operations Playbook in Franchisee's possession or control.

Franchisee acknowledges and agrees that the material contained in the Operations Playbook and the written directives described in the preceding paragraph consist of confidential trade secrets of Franchisor. The Operations Playbook also contains proprietary information related to the Marks owned by Licensor. Franchisor is the owner of the Operations Playbook and of all proprietary rights in and to the material and information contained therein, notwithstanding the Marks owned by Licensor. The Operations Playbook is to be used by Franchisee only in connection with the operation of the Franchised Business.

Franchisee shall at all times treat the Operations Playbook and the information contained therein as well as any written directives as confidential and will use all reasonable efforts to maintain such information as secret and confidential. Franchisee will not at any time, without Franchisor's prior written consent, copy, duplicate, record or otherwise reproduce the Operations Playbook or written directives, in whole or in part, or otherwise make the same available to any unauthorized person or available on the Internet.

4.2 Mandatory Designated Suppliers

In order to adhere to FIX AUTO Shop operating standards, specifications and procedures, as prescribed from time to time by Franchisor, Franchisee must use the services of the following designated suppliers: (i) CCC Information Services (CCCOne Innovate Management System and CCC Update Plus Service, Calendar, Engage, Repair Methods, and Photo Estimating) and (ii) Verifacts Automotive. Additionally, Franchisee must maintain I-CAR Gold Class certification. Franchisor, at its sole discretion, may modify this list of mandatory designated suppliers at any time.

4.3 Design and Appearance of Premises

The Franchised Business and Approved Premises shall be constructed and improved, only as authorized and approved in writing by Franchisor, and in conformity with all applicable laws and ordinances. Franchisor and Franchisee will mutually agree upon any required construction and improvements, which may be generally described and set forth in Exhibit 1.1A, either prior to the signing of this Agreement, or within thirty (30) days after signing. From time to time, additional improvements may be required to update the appearance, correct damages or otherwise refresh the Approved Premises from normal wear and tear. The appearance of the Franchised Business and the condition of the Approved Premises shall not be altered thereafter except as may be approved in writing by Franchisor. The Franchised Business shall be designed, decorated, furnished and equipped with furnishings and auto body shop equipment which meet Franchisor's specifications described in the Operations Playbook. The Franchised Business shall include all necessary equipment to perform collision repair services, including among other things those items defined in Section 4.5 below. In addition, each Franchisee shall maintain electronic estimating capabilities, an appropriate shop management system, high-speed internet access, a customer lobby, and an appraiser station. Franchisee shall maintain the Franchised Business and Approved Premises (including, without limitation, its landscaping, lighting, fixtures, furnishings, décor, and signs) in good condition and in conformity with the System, and shall make any improvements and alterations as may be determined by Franchisor to be necessary. Franchisee shall undertake and complete such repairs, improvements and alterations as may be required by Franchisor within a reasonable time as specified by Franchisor.

Franchisee acknowledges and agrees that although Franchisor may provide Franchisee with various standard or sample plans and specifications with respect to constructing and equipping the

Franchised Business, Franchisor is not acting as a general contractor or providing construction advice to Franchisee. Franchisee must hire its own licensed general contractor and architect to complete the construction or remodeling of the Franchised Business and/or to comply with local ordinances and codes, and Franchisee alone is responsible for the build out of the Approved Premises. Franchisee shall maintain the Franchised Business and the Approved Premises in conformity with all applicable federal, state and local laws and regulations, including, without limitation, all building codes, fire and safety codes, environmental laws, Occupational Safety and Health Administration laws, Americans with Disabilities Act and all other requirements that may be prescribed by any federal, state or local governmental agency. Any modification to the Franchised Business or Approved Premises, whether required by land zoning or building laws or otherwise, shall be approved in advance by Franchisor and shall also be made at Franchisee's expense.

Although Franchisor may set a specification or require use of an approved supplier in its sole discretion, Franchisor makes no representations or warranties about the specification, or about the goods or services provided by such supplier. Franchisor is not liable for any damages, injuries or losses caused by or due to the actions, services or products supplied to Franchisee from any third-party supplier approved by Franchisor. Franchisee acknowledges that it is responsible for supervising the build-out of the Franchised Business and the installation of equipment, fixtures and signage.

In the event the Franchised Business or Approved Premises shall be damaged or destroyed by fire or other casualty, or be required to be repaired or reconstructed by any governmental authority, Franchisee shall repair or reconstruct the Franchised Business or Approved Premises in accordance with Franchisor's design standards in effect at the time of the repair or reconstruction within a reasonable time in light of the circumstances. Notwithstanding the above, in the event of termination of the Location Agreement for any FIX AUTO Shop or Approved Premises resulting from such damage or destruction then this Agreement shall terminate on the date of such Location Agreement termination.

4.4 Signs

Franchisee shall display the Marks only in the manner authorized by Franchisor. Franchisee shall maintain and display any and all signs as are reasonably required by Franchisor from time to time. Franchisee shall not place additional signs, posters or similar items on the Approved Premises without Franchisor's prior written consent. Franchisee shall promptly discontinue the use of and destroy such items as are declared non-conforming or obsolete by Franchisor.

4.5 Equipment

Franchisee shall use only equipment approved by Franchisor in the Franchised Business. The Franchised Business must be equipped to meet the minimum requirements for a "Class A" Collision Center as identified in the Collision Industry Conference ("CIC") Definitions Committee 2005 report (and as such may be amended or updated by CIC from time-to-time). Franchisee shall maintain such equipment in a condition that meets standards set forth in the Operations Playbook or otherwise prescribed by Franchisor and shall replace equipment as necessary. Replacement equipment shall conform to the standards for the same type of equipment which is being installed in new FIX AUTO Shops at the time Franchisee is implementing such replacement equipment, except as may be approved in writing in advance by Franchisor. If Franchisor should determine that additional or replacement equipment is needed in order to test or change approved methods of service at Franchisee's FIX AUTO Shop, Franchisee shall promptly obtain and install such new additional or replacement equipment within the reasonable timeline specified by Franchisor. Upon notification that any equipment, furnishings or supplies do not meet Franchisor's specifications or standards, Franchisee shall immediately cease and desist from using such non-conforming equipment.

4.6 Computer System

At Franchisor's request, Franchisee shall purchase or lease, and thereafter maintain, such computer hardware and software (including, but not limited to, comprehensive body shop management software and estimating software), dedicated high speed communications equipment and services, dedicated telephone and power lines, modem(s), printer(s), and other computer-related accessories or peripheral equipment as Franchisor specifies, for the purpose of, among other functions, recording sales and services, and other record keeping and central functions.

Franchisee shall provide such assistance as may be required to connect its computer system with a computer system used by Franchisor. Franchisor shall have the right, on an occasional or regular basis, to retrieve such data and information (including, but not limited to, claims-related data and financial activity) from Franchisee's computer system as Franchisor, in its sole and exclusive discretion, deems necessary or desirable. Franchisor shall not retrieve or otherwise access any information not directly related to the operation of the Franchised Business, including any personal or financial information, unless such information is required to be reviewed in connection with a legal proceeding or investigation of fraudulent activity in the operation of the Franchised Business. In view of the interconnection of computer systems and the necessity that such systems be compatible with each other, Franchisee expressly agrees that it will strictly comply with Franchisor's standards and specifications for all item(s) associated with Franchisee's computer system and will otherwise operate its computer system in accordance with the System's requirements, procedures, rules and regulations.

Franchisee agrees to keep its computer system in good maintenance and repair at its own expense to ensure full operational efficiency and optimum communication capability between and among computer systems installed by Franchisee, Franchisor, and other FIX AUTO franchisees. If Franchisor determines during the Term that it is necessary for changes, modifications, substitutions, additions and/or replacements to be made to Franchisee's computer hardware, software, communications equipment and services, telephone and power lines, and other computer-related components and/or systems, Franchisee agrees, at its expense, promptly to undertake and complete all of Franchisor's directives with respect to such components and systems.

Franchisee is solely responsible for protecting itself from disruptions, Internet access failures, Internet content failures, and cyber-attacks by hackers and other unauthorized intruders, and Franchisee waives any and all claims against Franchisor as the direct or indirect result of such disruptions, failures, or attacks.

Franchisee agrees to take all reasonable and prudent steps necessary to ensure that its and its customers' data is protected at all times from unauthorized access or use by a third party or misuse, damage or destruction by any person.

4.7 Products, Materials, Supplies and Services

Franchisee will purchase from such sources (Approved Suppliers) as shall be approved by Franchisor (of which Franchisor or its affiliates may be one such source) all products, materials and supplies necessary for the operation of the Franchised Business, as shall be specified in the Operations Playbook or otherwise prescribed by Franchisor. Such items shall include, but are not limited to, uniforms, signs, vehicle decals, business forms, posters, promotional materials, warranty cards, and advertising services. Franchisor may also develop programs to assist Franchisee to purchase those items and services required for the repair process, including, but not limited to, estimating and management system software, rental/replacement vehicle services, towing services, paint and refinish materials, OEM and alternative parts, repair tools and equipment, and capital equipment such as paint booths and frame racks.

Franchisee is encouraged, but not required, to purchase from Preferred Suppliers and Approved Suppliers. If Franchisee purchases materials from Preferred Suppliers, certain fees that Franchisee owes Franchisor will be discounted (See Section 2.3 herein). Franchisor and/or its affiliates may derive revenue based on Franchisee's purchases and leases, including from charging Franchisee (at prices exceeding Franchisor's and their costs) for services and products that Franchisor or its affiliates sell Franchisee and from promotional allowances, rebates, volume discounts, and other amounts paid to Franchisor and its affiliates by Preferred Suppliers, Approved Suppliers, and other suppliers that Franchisor designates, approves, or recommends for some or all FIX AUTO franchisees. Franchisor and its affiliates may use all amounts received from such suppliers, whether or not based on Franchisee's and other franchisees' prospective or actual dealings with them, without restriction for any purposes that Franchisor and its affiliates consider appropriate.

Franchisee can request the approval of an item, product service or supplier by notifying Franchisor in writing and submitting such information and/or materials Franchisor may request. Franchisor may require Franchisee to pre-pay any reasonable charges connected with its review and evaluation of any proposal. Franchisor will notify Franchisee of its decision within a reasonable time. Franchisor shall update and make available to Franchisee the Preferred Supplier list and Approved Supplier list on not less than a quarterly basis.

4.8 Opening

Franchisor will authorize the opening of Franchisee's FIX AUTO Shop when (i) all of the pre-opening obligations have been fulfilled, (ii) pre-opening training has been completed, (iii) all amounts due Franchisor (and/or any affiliate) have been paid, and (iv) copies of all insurance policies (and payment of premiums) and all other required documents have been received by Franchisor.

4.9 Hours of Operation

The Franchised Business shall be open for business consistent with the most stringent requirements set forth in any referral agreement or contract that the FIX AUTO Shop may have with an insurance company, but at least for a minimum of eight (8) hours per day, five (5) days a week, fifty-two (52) weeks a year, unless otherwise authorized or directed by Franchisor. The precise hours of operation may be determined by Franchisee, subject to applicable government regulation and Franchisor's approval. Notwithstanding the above, the Franchised Business may be closed on recognized federal or state holidays. In the event of fire, flood or other acts of God, this requirement shall be waived.

4.10 Owners: Personal Guaranty

If Franchisee is a legal entity, concurrently with Franchisee's execution of this Agreement, all members, shareholders, partners, joint venturers, and any other person who directly or indirectly owns a ten percent (10%) or greater ownership interest in Franchisee (collectively, the "**Owners**") must execute a personal guaranty in the form attached hereto as Exhibit 4.10 (the "**Personal Guaranty**"). Any person or entity that at any time after the date of this Agreement becomes an Owner, pursuant to Section 12 herein or otherwise, shall, as a condition of becoming an Owner, execute Franchisor's then-current form of personal guaranty attached to its then-current form of franchise agreement.

4.11 Management and Personnel

A. Franchisee will keep Franchisor advised, in writing, of all supervisorial or managerial personnel involved in the operation of the Franchised Business. The Franchised Business must be personally managed on a full-time basis by a person who has successfully completed mandatory training

and meets Franchisor's then-current standards (the "**Designated Operator**"). All supervisorial or managerial personnel must successfully complete Franchisor's training program (which may be provided at Franchisor's then-current headquarters or other location it may designate) within a reasonable time (not to exceed six (6) months) of beginning their duties. Franchisee will be responsible for all costs associated with the required training, including travel, living, incidental costs and other expenses. Franchisor strongly recommends full term on-site management by Franchisee or its Designated Operator. Franchisee understands that absentee ownership involves a significantly greater risk of failure.

B. All employees Franchisee hires or employs at the Franchised Business will be Franchisee's employees, and will not, for any purpose, be deemed to be Franchisor's employees or subject to Franchisor's direct or indirect control, including, without limitation, with respect to any mandated or other insurance coverage, taxes or contributions, or requirements regarding withholdings, levied or fixed by any governmental authority. Franchisee will file its own tax, regulatory and payroll reports, and be responsible for all employee benefits and workers compensation insurance payments for its employees and operations. Franchisor will not have the power to hire or fire Franchisee's employees. Franchisor's authority under this Agreement to train and approve Franchisee's supervisorial or managerial personnel for qualification to perform certain functions at the Franchised Business does not directly or indirectly vest Franchisor with the power to hire, fire or control any of Franchisee's personnel. Franchisee will be solely responsible for all hiring and employment decisions and functions relating to the Franchised Business, including 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 Franchisee has received advice from Franchisor on these subjects or not. Franchisee shall engage in no discriminatory employment practices and shall in every way comply with all applicable laws, rules and regulations of federal, state and local governmental agencies, including, without limitation, all wage-hour, civil rights, immigration, employee safety and related employment and payroll related laws. Franchisee shall make all necessary filings with, and to pay all taxes and fees due to, the Internal Revenue Service and all other federal, state and local governmental agencies or entities to which filings and payments are required. Any guidance Franchisor may give Franchisee regarding employment policies should be considered merely examples. Franchisee will be responsible for establishing and implementing its own employment policies, and should do so in consultation with local legal counsel who is experienced in employment law.

4.12 Customer Service and Warranty Programs

Franchisee will ensure that services are rendered to all customers of the Franchised Business in a prompt, workman-like and courteous manner. All customer complaints will be dealt with promptly and courteously. Franchisee will provide to all customers those warranties and guarantees required by Franchisor, including, but not limited to, the FIX AUTO Enhanced Warranty and National Warranty Programs, and will use any and all applicable forms required and furnished by Franchisor.

Except as otherwise set forth in this Agreement, in every case involving a claim arising out of the Franchised Business (a "**Franchised Business Claim**"), whether or not the Franchised Business Claim is initially presented to Franchisee for handling, Franchisee shall control all handling of the Franchised Business Claim, including, but not limited to, settlement negotiations, court proceedings and determination of where and by whom the work will be performed (to the extent permitted by law). Franchisee will honor all valid Franchised Business Claims presented in accordance with any warranties and/or guarantees Franchisee, Franchisor and other FIX AUTO franchisees reasonably make, and will not require customers to provide any unreasonable payment or reimbursement therefor. With respect to any Franchised Business Claim, Franchisee shall have no right to commit Franchisor to take any action or to

otherwise be responsible for any payment associated with resolving the Franchised Business Claim unless Franchisor agrees to do so in writing.

4.13 Reimbursement Policies

A. Franchisee acknowledges and agrees that there may be instances in which a customer chooses to have a Franchised Business Claim addressed at a different FIX AUTO Shop from where the services were originally performed; consequently, therefore, Franchisee agrees to reimburse the owner of such other FIX AUTO Shop, within five (5) days after receipt of an invoice for reimbursement, for any and all services such other FIX AUTO Shop performs in honoring a valid warranty or guarantee arising from a Franchised Business Claim originating at Franchisee's FIX AUTO Shop.

B. Franchisor may require Franchisee to perform services to customers who initially had their vehicles serviced at a FIX AUTO Shop owned and operated by another FIX AUTO franchisee. Franchisee will be reimbursed, at a rate consistent with its then current pricing, for any services it performs in honoring a valid warranty or guarantee Franchisor or another FIX AUTO franchisee issues.

4.14 Insurance Programs

Franchisor has entered into verbal and/or written agreements with certain insurance companies ("**Corporately Managed Insurance Programs**" or "**CMIP**") whereby the CMIP partners may provide preferred access to participation in their direct repair programs ("**DRPs**") or performance-based agreements ("**PBAs**"). To be considered for preferred access to these DRPs or PBAs, Franchisee must have completed the FIX AUTO Integration process, and any other participation requirements as Franchisor may set forth from time to time to include more items and/or remove some requirements as the collision and insurance industry standards adjust with the advent of new repair procedures. In connection with Franchisee's participation in one (1) or more Corporately Managed Insurance Programs, Franchisee must sign such documents and agreements as Franchisor may reasonably require, including a service level agreement in the form prescribed by Franchisor (the "**Service Level Agreement**").

Provided that Franchisee has completed the FIX AUTO Integration process in accordance with the requirements of Section 3.2 herein, Franchisor may assist Franchisee with submitting applications for participation in Corporately Managed Insurance Programs. A CMIP partner, however, may reserve the right to accept or deny individual shop participation based on qualification criteria unique to its DRP or PBA, or a surplus of existing shops in Franchisee's area. Selection for participation in a CMIP qualifies Franchisee to receive work from the DRP or PBA, but neither Franchisor nor the CMIP partner provides a guaranty of any specific level of referral volume.

If, at any time, Franchisee is not in compliance with all requirements under this Agreement, Franchisor reserves the right to notify all CMIP partners of such noncompliance, at which time a CMIP partner may suspend Franchisee from participation in a DRP or PBA.

4.15 Compliance with Laws and Ethical Business Practices

A. Franchisee will operate the Franchised Business in full compliance with all applicable laws, ordinances and regulations. Franchisor makes no representations or assurances as to what (if any) licenses, permits, authorizations or otherwise may be required in connection with the Franchised Business. It is Franchisee's sole responsibility to identify and obtain all authorizations necessary to operate its FIX AUTO Shop. Other than the right to use the Marks as provided herein, Franchisee will obtain and maintain in effect all required licenses, permits and certificates related to the operation of the Franchised Business and shall operate the Franchised Business in full compliance with all applicable federal, state and

local laws, ordinances and regulations, including, without limitation, all government regulations relating to (1) licensing and certification; (2) occupational hazards and health; (3) handling, storage and disposal of chemicals and other materials of a similar nature; (4) the Occupational Safety and Health Act (OSHA); (5) environmental matters, (6) worker's compensation; (7) insurance; (8) unemployment insurance and withholding; (9) the Americans with Disabilities Act (ADA) and state law equivalents; (10) payment of federal and state income taxes, Social Security taxes, and sales taxes; (11) the CAN-SPAM Act; (12) the Telephone Consumer Protection Act (TCPA), the Telemarketing Sales Rule (TSR) and other federal state anti-solicitation laws regulating phone calls, spamming and faxing; and (13) federal and state laws that regulate data security and privacy (including, but not limited to, the use, storage, transmission and disposal of data regardless of media type). Franchisee must comply with any privacy policies or data protection and breach response policies Franchisor periodically may establish. Franchisee must notify Franchisor immediately of any suspected data breach at or in connection with the Franchised Business. Franchisee must comply with Franchisor's instructions in responding to any data breach. Franchisor (and its designated affiliates) have the right, but no obligation, to control the direction and handling of any data breach and any related investigation, litigation, administrative proceeding or other proceeding at Franchisee's expense. Franchisee agrees to maintain high standards of honesty, integrity, fair dealing and ethical conduct in its business activities. Franchisee will notify Franchisor in writing within five (5) days of the commencement of any legal proceeding related to Franchisee or its Franchised Business and/or of the issuance of any governmental order or action impacting Franchisee and/or its FIX AUTO Shop.

B. Franchisee shall honor all credit, charge, courtesy and cash cards that Franchisor approves in writing. To the extent Franchisee stores, processes, transmits or otherwise accesses or possesses cardholder data in connection with the sale of products and services at the Franchised Business, Franchisee is required to maintain the security of cardholder data and adhere to the then-current credit card security standards which can be found at www.pcisecuritystandards.org for the protection of cardholder data throughout the Term and after termination or expiration of this Agreement. Franchisee is responsible for the security of cardholder data in its possession or control and in the possession or control of any of its employees that Franchisee engages to process credit cards. At Franchisor's request, Franchisee agrees to provide appropriate documentation to Franchisor to demonstrate compliance by Franchisee and all its employees with the Payment Card Industry Data Security Standard ("**PCI DSS**") requirements. In the event of a breach or intrusion of or otherwise unauthorized access to cardholder data, Franchisee must immediately notify Franchisor in the manner required in the PCI DSS requirements and provide an approved third-party full access to conduct a thorough security review following a security intrusion. In the event of termination or expiration of this Agreement, Franchisee and its respective successors and permitted assigns shall ensure compliance with PCI DSS requirements subsequent to such termination or expiration of this Agreement.

4.16 Access to Premises

Franchisor or its authorized representative shall have the unrestricted right at any time during normal business hours, without prior notification, if there is good reason to enter the Franchised Business and Approved Premises to (i) observe, inspect, photograph, and videotape the Franchised Business and its operation and the Approved Premises during such periods as Franchisor may reasonably deem necessary, (ii) inspect any and all equipment, materials and supplies, (iii) interview personnel at the Franchised Business (at reasonable times), (iv) interview customers and prospective customers of the Franchised Business, (v) conduct various surveys, and (vi) inspect, photocopy, review or audit any books, records and documents relating to the operation of the Franchised Business. Unless required for review in association with a legal proceeding or investigation of ethical or legal misconduct, excluded from review and audit are Franchisee's personal documents unrelated to the Franchised Business. Franchisee agrees that Franchisor's access to the Franchised Business and activities described in this Section 4.16 may be

undertaken without prior notice by Franchisor to Franchisee or its Designated Operator. Franchisee agrees to cooperate fully with Franchisor in connection with this Section 4.16.

4.17 Good Standing

Franchisee will be considered in "Good Standing" if Franchisee is not in default of any obligation to Franchisor or any of Franchisor's affiliates, whether arising under this Agreement or any other agreement between Franchisee and Franchisor (or any of Franchisor's affiliates), the Operations Playbook or other System requirements.

4.18 Non-Disparagement

Franchisee agrees that disparaging remarks or negative behavior are counter-productive, damage the flow of open communications, and, if sent to third parties (including vendors, customers, or the media), can damage the FIX AUTO brand and the System. Therefore, during the Term and after its expiration or earlier termination, Franchisee and its respective officers, directors, shareholders, members, and Owners (collectively, "**Franchisor Representatives**"), each agree not to make any disparaging remarks, whether orally, in writing, or electronically, in any media, including, without limitation, via print publication or other writing, spoken communication, e-mail, or social media, concerning the Franchisor, Franchisor Representatives, FIX AUTO brand or the System. Franchisee acknowledges that any such disparaging would cause irreparable harm that would be difficult to measure. Thus, if Franchisee, or its officers, directors, shareholders or employees, violate the provisions of this Section 4.18 it shall pay to Franchisor as liquidated damages, and not as a penalty, the sum of Five Hundred Dollars ($500) for each such violation, or Franchisor may choose to terminate this Agreement for one or more violations of this provision by Franchisee. Notwithstanding any other provision of this Section 4.18, Franchisee shall have the right to communicate candidly with anyone as necessary in order to: (i) comply with a legal process or with other legal requirements; (ii) convey information to its business, legal, tax, or other similar advisers; or (iii) discuss or communicate Franchisee's experience with the FIX AUTO Shop franchise with existing or prospective franchisees pursuant to applicable law.

5. DISPLAY AND USE OF THE MARKS

5.1 Goodwill and Ownership of Marks

Franchisee has a non-exclusive right to use the Marks and only as expressly authorized by Franchisor under this Agreement and the Operations Playbook. Licensor retains all rights in and to the Marks. All goodwill associated with the Mark belongs exclusively to Licensor. Franchisee will not obtain any goodwill in the Marks as a result of this Agreement or the operation of the Franchised Business. Any unauthorized use of the Marks is a breach of this Agreement. Franchisee agrees that if it breaches any obligation regarding the Marks, Franchisor would have no adequate remedy at law and Franchisor would be entitled to equitable relief in order to cause Franchisee to cease further violations of its obligations with respect to the Marks. This Agreement applies to all trademarks, service marks and other commercial symbols that Franchisor may authorize Franchisee to use with respect to the Franchised Business throughout the Term.

5.2 Limitations and Use of Marks

Franchisee will not use any Mark, or modified version or derivative of a Mark, or any other mark or form of commercial identification confusingly similar to the Marks or Trade Dress, as part of any business or trade name or in any other manner not expressly authorized by Franchisor in advance and in writing. Prior to adoption and/or use, any proposed corporate and/or trade name is subject to approval by

Franchisor in its Business Judgment. Franchisee will give such trademark and other notices (including notices of independent ownership) as Franchisor directs, and will, at its expense, obtain fictitious or assumed name registrations as may be required under law. Franchisee will display the Marks as required by Franchisor and will not use the Marks in any manner which could negatively affect the goodwill associated with the Marks or Licensor's ownership interest in the Marks. Franchisee will not use any Mark in connection with the performance or sale of any unauthorized services or products or at any location other than its FIX AUTO Shop or in any other manner not expressly authorized in writing by Franchisor. Franchisee must not establish a website on the Internet using any domain name containing the Marks or any variation thereof without the prior written consent of Franchisor.

5.3 Notification of Infringements and Claims

Franchisee agrees to immediately notify Franchisor of any apparent or actual infringement of, or of any challenge to Franchisee's use of, the Marks, or claim by any person of any rights in any Mark. Franchisee will not communicate with any person other than Franchisor and its counsel in connection with any such infringement, challenge or claim. Franchisor will take such action as Franchisor deems appropriate in its sole judgment. As owner of the Marks, Licensor will have the exclusive right to initiate and control any settlement, litigation or proceeding arising out of or related to any such matters affecting the Marks.

5.4 Modification, Discontinuance or Substitution.

As the System evolves over time, the current logo, trade name, and Marks may change. Franchisor reserves the right, in Franchisor's sole judgment or upon the expiration or termination of the current licensing agreement with Licensor, to add to, delete, modify, substitute or discontinue the use of any or all of the Marks, including, but not limited to, the principal Mark(s) of the System on a national or regional basis. Upon receipt of notice of any such change from Franchisor, Franchisee shall, within sixty (60) calendar days and at Franchisee's expense, adopt and/or cease using, as may be applicable, the Mark(s), including, but not limited to, a new principal Mark(s) designated by Franchisor to identify the Franchised Business. Franchisor shall have no liability or obligation for any expenses or damages incurred by Franchisee as a result of a change in the use of any or all of the Marks.

6. MARKETING AND PROMOTION

6.1 FCS MSO Program

Under the Fix Auto Claims Solutions ("**FCS**") Multi-Shop Operator ("**MSO**") Program, Franchisor will actively promote Franchisee's business to regional and national insurance carriers, fleet organizations and other potential work providers by offering a single-point-of-contact relationship to such work providers to manage their claims administration. Franchisor's personnel will work closely with the work providers to establish management plans, performance standards, reporting mechanisms, audit responsibilities and any other critical elements that may advance the System and FIX AUTO franchisees. To participate in the FCS MSO Program, Franchisee will be required to sign a FCS Agreement in the form provided in Exhibit 6.1 to this Agreement. Upon executing the FCS Agreement, Franchisee agrees that all vehicle repairs received in the FCS MSO Program are the result of Franchisor's relationship with the work providers.

6.2 Advertising Program

Franchisor has the right (at any time during the Term) to create or modify a Designated Market Area ("**DMA**") for the geographic area in which the Franchised Business and other franchisees'

FIX AUTO Shops are located. Franchisee must participate in, support and contribute to a local advertising program (the "**Advertising Program**") if one has been or is established by Franchisor for such DMA. Unless the Advertising Fee remains unchanged from the prior year, Franchisor will annually notify Franchisee of the exact percentage of monthly Gross Sales to be paid as an Advertising Fee, except that such amount shall not exceed three quarters of one percent (0.75%) of Gross Sales, or a maximum of Nine Hundred Fifty Dollars ($950) per month, unless a majority of franchisees in the DMA agree to a higher amount. Franchisor will administer the Advertising Program as it deems appropriate, although it has no fiduciary obligations to any FIX AUTO franchisee regarding the Advertising Program. During scheduled meetings with Franchisee and the other franchisees within the DMA, Franchisor will provide a report on the allocation of the funds in the Advertising Program and work with the franchisees to adjust the allocations to maximize the efficacy of advertising in the DMA. Proceeds from Advertising Fees received by Franchisor will generally be spent on conducting advertising and promotional activities within the DMA and maintaining a direct, local sales staff, although, Franchisor cannot ensure that Franchisee will benefit directly or on a pro rata basis from the future placement of any advertising in the DMA. Upon request by Franchisee, Franchisor will prepare and make available annual or periodic financial statements for the Advertising Program. Franchisor may use Advertising Fees collected from FIX AUTO franchisees to cover expenses associated with administering the Advertising Program. Franchisor has the right, in its sole judgment, to establish rules governing the Advertising Program, or to dissolve or modify any Advertising Program, including the right to establish advertising cooperatives.

6.3 Advertising and Promotional Materials

Franchisee agrees to comply with the advertising standards established from time to time by Franchisor. All advertising by Franchisee shall be completely factual, in good taste as determined by Franchisor and shall conform to the highest standards of ethical advertising. Franchisee shall use, sell or distribute, by means, including, but not limited to, television, radio, the Internet, newspapers, magazines, flyers, posters, billboards, mailing circulars, coupons or gift certificates, only those advertising or promotional materials or items which are made available or authorized by Franchisor in writing prior to use.

6.4 E-Commerce

Franchisee's use of the Internet, social networking sites, any URLs and other electronic or other means of marketing and distribution of goods and/or services can be reasonably restricted by Franchisor in its Business Judgment. Franchisee will not market or sell through such venue(s) or any channel of distribution other than the Franchised Business without Franchisor's prior written consent, which can be granted, conditioned or denied in its Business Judgment. Any website or webpage and any URLs approved by Franchisor must be linked to the FIX AUTO website in accordance with the specifications dictated by Franchisor.

7. ACCOUNTING PROCEDURES; RIGHT OF AUDIT

7.1 Bookkeeping, Accounting and Records

For the Franchised Business, Franchisee must maintain books and records, including records of purchases and sales, tax returns, and other records typical for a business of this type and size. Such records shall include, but are not limited to, sales and operations reports for each month, quarter and year; fiscal year-end balance sheet and income statement for Franchisee's business, verified and signed by Franchisee; customer data and information; records of complaints and warranty obligations; and such other data as Franchisor may from time to time require.

7.2 Reports, Financial Statements and Tax Returns

If Franchisor requests it, Franchisee will provide to Franchisor copies or access to information regarding customer data and related information; records of complaints and warranty obligations; sales and operation of the Franchised Business; tax returns relating to the Franchised Business and each of the principal owners; and in such form and format, as Franchisor reasonably specifies from time to time in its Business Judgment.

7.3 Audit

To verify compliance with this Agreement, Franchisor and/or its agents will have the right, after notice, at any time during business hours, and without prior notice to Franchisee, to inspect and/or audit business records relating in any way to the Franchised Business, and the books and records of any person(s), corporation or partnership which holds, or does business with, the Franchised Business. Such business records may include, but are not limited to, bookkeeping and accounting records, sales and income tax records and returns, cash register tapes, invoices, and deposit receipts. Franchisor's right to audit includes the right to access all cash registers, computers and other equipment by electronic means. Franchisee agrees to cooperate fully with such an audit. Unless deemed necessary in the investigation of ethical, legal or regulatory infraction, Franchisor will have no access to Franchisee's personal information including personal accounting information. If an audit should reveal that payments due Franchisor have been understated in any report to Franchisor, or that a charge on a repair did not reflect the actual method of repair, then Franchisee will immediately pay Franchisor the amount understated or the amount overcharged, as the case may be, upon demand, in addition to interest from the date such amount was due until paid, at the rate of one and one-half percent (1.5%) per month or the maximum rate permitted by law, whichever is less. If any audit discloses an understatement in any report of two percent (2%) or more or if an audit is made necessary by Franchisee's failure to provide reports, supporting records, or other information, as required under this Agreement, Franchisee will, in addition, reimburse Franchisor for any and all costs and expenses connected with the audit (the charges of any independent accountant and/or third-party vendor and attorneys' fees, and per diem fees and costs of Franchisor's employees, related travel and lodging and other out-of-pocket costs), plus interest. The foregoing remedies will be in addition to any other remedies Franchisor may have, including, without limitation, the remedies for default. Franchisee must fully cooperate with the conduct of the audit and the failure of Franchisee to cooperate is a material breach of this Agreement.

7.4 Use of Financial Data, Customer Information, Surveys and Quality Controls

Franchisee agrees that Franchisor has the right to use any financial report, performance report or statement of Franchisee, or any information derived from such reports or statements, relating to the Franchised Business, for statistical purposes, such as in an operational performance representation, or for marketing the franchise system to insurers, fleet accounts or other entities, with or without Franchisee's name. By executing this Agreement and joining the System, Franchisee grants specific permission for Franchisor to use the data described herein in the manner described, and no further acknowledgment or permission by Franchisee is required for such use. Franchisee further consents to Franchisor's use and publication of income and expense information related to the Franchised Business, including identification of the Franchised Business by name, within the System via Franchisor's intranet (Collision University) or other non-public media. Franchisee agrees that Franchisee shall comply with all state and federal laws relating to consumer privacy, electronic privacy, credit card data and information protection and privacy. Franchisor shall also comply with all state and federal laws relating to consumer privacy. Franchisor may, at Franchisor's expense, institute various programs for auditing customer satisfaction and/or other quality control measures. Franchisee agrees to request its customers to participate in any surveys performed by or on behalf of Franchisor, using forms prescribed by Franchisor from time to time. Furthermore, Franchisee

hereby grants Franchisor the right to request and receive information from any third-party service provider or carrier that may be collecting or reporting on such information.

8. INSURANCE

8.1 Procurement of Insurance

Franchisee must procure and maintain in full force, at all times, during the Term, policies of insurance issued by carriers reasonably approved by Franchisor covering various risks, as specified by Franchisor from time to time. Franchisor may specify the types and amounts of coverage required under such policies and require different and/or additional kinds of insurance at any time, including excess liability insurance. Each insurance policy must: (i) name Franchisor and its affiliates as additional named insureds; (ii) contain a waiver of all subrogation rights against Franchisor, its affiliates and any successors and assigns; and (iii) provide thirty (30) days' prior written notice to Franchisor of any material modifications, cancellation, or expiration of such policies.

The "Additional Insured Endorsement" must be approved in writing by Franchisor and name Franchisor and its respective officers, directors, partners, members, affiliates, subsidiaries and employees as additional insureds. Additional insured status shall include, without limitation, coverage for ongoing and completed operations. The additional insured endorsement form shall be ISO CG 20 26 or any other form approved in writing by Franchisor that provides comparable coverage. Additional insured coverage shall not be limited to vicarious liability and shall extend to (and there shall be no endorsement limiting coverage for) the negligent acts, errors or omissions of Franchisor or other additional insureds. Franchisee shall maintain such additional insured status for Franchisor on its general liability policies continuously during the Term of this Agreement.

8.2 Minimum Coverage

The policy or policies must be written by an insurance company licensed in the state in which Franchisee operates its Franchised Business. Such insurance company must have at least an "A" Rating Classification as indicated in A.M. Best's Key Rating Guide in accordance with standards and specifications set forth in the Operations Playbook or otherwise in writing, and shall include, at a minimum (except as different coverages and policy limits may reasonably be specified for all franchisees from time to time by Franchisor in the Operations Playbook or otherwise in writing), the following:

A. All "Risks" or "Special" form coverage insurance on all furniture, fixtures, equipment, supplies and other property used in the operation of the Franchised Business.

B. Workers' Compensation with statutory limits, as required by law in the jurisdiction where the Franchised Business is located; and Employers Liability (or "Stop Gap" insurance for monopolistic states), with limits of not less than One Million Dollars ($1,000,000) each accident, One Million Dollars ($1,000,000) each employee for disease, and One Million Dollars ($1,000,000) policy aggregate for disease.

C. Liability Insurance in the types, forms, and minimum limits, as set forth below, insuring Franchisee and Franchisor against all claims, suits, obligations, liabilities and damages, including attorneys' fees, based upon or arising out of actual or alleged personal injuries or property damage resulting from or occurring in the course of, or on or about or otherwise relating to the Franchised Business:

(1) Commercial General Liability: Insurance Services Office simplified form, 1986 edition or later, or equivalent, including Coverage A (bodily injury and property damage liability; to

include coverage for products-completed operations) and Coverage B (personal and advertising injury liability) with minimum limits of Two Million Dollars ($2,000,000) per occurrence (Coverage A) and per person or organization (Coverage B).

(2) Auto Liability and Garage-keepers Liability: Covering garage operations, including all owned, non-owned, and hired automobiles to be used by and at the Franchised Business, with minimum coverage limits of One Million Dollars ($1,000,000) per accident.

(3) Cyber Liability: Covering network security and privacy liability, including the failure to allow access to the Franchised Business' computer system by authorized users, the failure to prevent unauthorized access to the computer system of the Franchised Business or the private or confidential information contained therein, the theft or loss of private or confidential information of others, and the failure to prevent the transmission of a virus or malicious code to others, with minimum coverage limits of One Million Dollars ($1,000,000) per loss.

(4) Umbrella Liability (excess liability insurance): Coverage over and above the General Liability, Employers Liability, and Auto Liability limits listed above, with minimum coverage limits of Five Million Dollars ($5,000,000) per occurrence.

D. Business Interruption Insurance for actual losses sustained for a twelve (12)-month period minimum.

E. Garage Liability Insurance should be written with symbol "21", any auto, which will include owned, hired and non-owned vehicles coverage.

F. Such insurance as necessary to provide coverage under the indemnity provisions set forth in Section 9.3 of this Agreement.

G. Such additional insurance and types of coverage as may be required by the terms of any Location Agreement for the Approved Premises, or as may be reasonably required from time to time by Franchisor.

H. Should Franchisee, for any reason, not procure and maintain such insurance coverage as required by this Agreement, Franchisor shall have the right and authority (without, however, any obligation to do so) to immediately procure such insurance coverage and to charge same to Franchisee.

I. Franchisor reserves the right from time to time to upgrade the insurance requirements as to policy limits, deductibles, scope of coverage, rating of carriers, etc. Within sixty (60) days of receipt of notice from Franchisor, Franchisee agrees to revise its coverage, as specified in any notice from Franchisor.

J. The insurance policies described above are minimum requirements, and Franchisee may purchase and maintain additional insurance policies or insurance policies with greater coverage limits. In addition to the preceding minimum requirements, pursuant to the Service Level Agreement, Franchisee shall, at its sole expense, obtain and maintain such insurance policies and in such amounts set forth in the CMIPs in which Franchisee participates for claims that may arise from or in connection with Franchisee's performance of services at the Franchised Business under the terms of the Service Level Agreement.

8.3 Insurance Certificates and Endorsements

A. Franchisee will forward to Franchisor copies of the certificate(s) of such insurance, insurance policy endorsements, and any other evidence of compliance required by Franchisor, within sixty (60) days of the signing of this Agreement, but in no event later than thirty (30) days prior to commencement of operations of the Franchised Business, and, on any renewal of such insurance while the Agreement is in effect.

B. The certificate(s) will provide that:

(1) for Commercial Garage Liability Insurance, Franchisor and its affiliates be named as additional "insureds", as their interest may appear, with respect to this Agreement;

(2) thirty (30) days prior written notice of cancellation, material change or exclusions to the policy will be given to Franchisor;

(3) coverage is primary and not excess of, or contributory with, any other valid and collectible insurance purchased or maintained by Franchisor; and

(4) Reasonable Mutual Waiver of Subrogation, as respects the Commercial General Liability, Automobile Liability, Workers Compensation and Employers l-Liability Insurance.

FOR ITEMS (1), (2), (3) and (4), WITHIN THIS SECTION 8.3B, SEPARATE ENDORSEMENTS SHALL BE ATTACHED.

C. The insurance afforded by the policy or policies respecting liability shall not be limited in any way by reason of any insurance which may be maintained by Franchisor. Franchisee's insurance procurement obligations under this Section 8 are separate and independent of Franchisee's indemnity obligations. Certificate of Insurance showing compliance with the foregoing requirements shall be furnished by Franchisee to Franchisor for approval.

9. INDEPENDENT CONTACTOR AND INDEMNIFICATION

9.1 Independent Contractor

Franchisee will always identify itself to all persons and in all dealings of its FIX AUTO Shop as an independent contractor operating the Franchised Business pursuant to a FIX AUTO franchise, clearly indicating that the Franchised Business is separate and distinct from Franchisor's business. Franchisee will include notices of independent ownership on such forms, business cards, stationery, advertising, signs and other materials, as Franchisor requires from time to time. Subject to the requirements of this Agreement and the Operations Playbook, Franchisee will have complete operational control of its business, including the right to hire, manage and fire each employee.

9.2 No Agency Relationship; No Liability for Acts of other Party

Franchisee will not represent that its relationship with Franchisor is anything other than that of independent Franchisor and Franchisee. No agency is created by this Agreement, and nothing in this Agreement is intended to constitute either party as an agent, legal representative, subsidiary, joint venturer, partner, employer, employee, general contractor, or servant or fiduciary of the other for any purposes whatsoever. Neither Franchisee nor Franchisor will have any liability under any acts, omissions, agreements or representations made by the other that are not expressly authorized in writing.

9.3 Indemnification

A. From and after the date of this Agreement, Franchisee and Owners, jointly and severally, shall indemnify Franchisor and its affiliates and their respective officers, directors, stockholders, members, managers, partners, employees, agents, attorneys, contractors, legal predecessors, legal successors, and assigns of each of the forgoing entities/individuals (in their corporate and individual capacities) (collectively, all such individuals and entities are referred to herein as the "**Franchisor Indemnitees**") and hold the Franchisor Indemnitees harmless to the fullest extent permitted by applicable laws, from any and all Losses and Expenses incurred in connection with any litigation or other form of adjudicatory procedure, claim, demand, investigation, or formal or informal inquiry (regardless of whether it is reduced to judgment) or any settlement thereof which arises directly or indirectly from, or as a result of, a claim of a third party in connection with the selection, development, ownership, operation or closing of the Franchised Business, including the failure of Franchisee to perform any covenant or agreement under this Agreement or any activities of Franchisee on or after the date of this Agreement, or any claims by any employee of Franchisee arising out of or relating to his or her employment with Franchisee (collectively, "**Event**"), and regardless of whether it resulted from any strict or vicarious liability imposed by law on the Franchisor Indemnitees; provided, however, that this indemnity will not apply to any liability arising from a breach of this Agreement by any of the Franchisor Indemnitees or the gross negligence or willful acts of any of the Franchisor Indemnitees (except to the extent that joint liability is involved, in which event the indemnification provided herein will extend to any finding of comparative or contributory negligence attributable to Franchisee). "**Losses and Expenses**" means losses, liabilities, claims, penalties, damages (compensatory, exemplary, and punitive), fines, payments, attorneys' fees, experts' fees, court costs, costs associated with investigating and defending against claims, settlement amounts, judgments, assessments, compromises, compensation for damages to Franchisor's reputation and goodwill, and all other costs associated with any of the foregoing losses and expenses.

B. Promptly after the receipt by any Franchisor Indemnitee of notice of the commencement of any action against such Franchisor Indemnitee by a third party (such action, a "**Third-Party Claim**"), the Franchisor Indemnitee will, if a claim with respect thereto is to be made for indemnification pursuant to this Section 9.3, give a claim notice to Franchisee with respect to such Third-Party Claim. No delay or failure on the part of the Franchisor Indemnitee in so notifying Franchisee will limit any liability or obligation for indemnification pursuant to this Section 9.3, except to the extent of any material prejudice to Franchisee with respect to such claim caused by or arising out of such delay or failure. Franchisor will have the right to assume control of the defense of such Third-Party Claim, and Franchisee and its Owners will be responsible for the costs incurred in connection with the defense of such Third-Party Claim. Franchisee and its Owners will furnish Franchisor with such information as they may have with respect to such Third-Party Claim (including copies of any summons, complaint or other pleading which may have been served on such party and any written claim, demand, invoice, billing or other document evidencing or asserting the same) and will otherwise cooperate with and assist Franchisor in the defense of such Third-Party Claim. The fees and expenses of counsel incurred by Franchisor will be considered Losses and Expenses for purposes of this Agreement. Franchisor may as it deems necessary and appropriate take such actions to take remedial or corrective action with respect thereof as may be, in Franchisor's reasonable discretion, necessary for the protection of the Franchisor Indemnitees or FIX AUTO Shops generally. Franchisor will not agree to any settlement of, or the entry of any judgment arising from, any Third-Party Claim without the prior written consent of Franchisee and its Owners, which will not be unreasonably withheld, conditioned or delayed and which must be provided if such settlement or compromise of the Third-Party Claim includes a written release from liability of such claim for Franchisee and its Owners. Sections 9.3A and 9.3B will continue in full force and effect subsequent to and notwithstanding the expiration or earlier termination of this Agreement.

C. Unless Franchisor gives Franchisee a specific written warranty for a particular item or service, any goods and/or services provided by Franchisor, Franchisor's affiliates and/or any "approved" supplier are provided without any warranties, express or implied, THE WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE BEING EXPRESSLY DISCLAIMED, absent a specific written warranty expressly provided in connection with a particular product or service. For all equipment approved for use in the Franchised Business, Franchisee will receive from the respective manufacturer such warranty as they customarily may provide. It is Franchisee's obligation to maintain all equipment in accordance with the applicable warranty obligations and to make any and all warranty claims directly to the supplier or manufacturer.

10. CONFIDENTIAL INFORMATION

"**Confidential Information**" includes all information relating to the System, including, among other things, all current and future: (i) manuals (including, but not limited to, the Operations Playbook), specifications, standards, training, techniques, processes, policies, procedures, systems, data and know-how regarding the development, marketing, operation and franchising of FIX AUTO Shops; (ii) specifications and information about products and services; (iii) all information regarding suppliers to the System; and (iv) all information associated with customers of the Franchised Business operated by Franchisee. Specifically, and without limitation, Franchisor owns and controls all Confidential Information and it owns and controls domain names and URLs relating to any and all FIX AUTO Shops. Franchisee's interest in the Confidential Information is limited solely to the right to use it pursuant to this Agreement. By signing this Agreement, Franchisee acknowledges and agrees that Franchisor owns all proprietary information associated with the FIX AUTO brand and the System. Notwithstanding the above, Confidential Information shall not include: (1) any information generally known or available to the public, or which becomes generally known or available to the public through no fault of Franchisee; or (2) any information generated by or relating to Franchisee's Pre-existing Business or to any information, discovery or processes developed by Franchisee in its Pre-existing Business either before or after the date of this Agreement.

Franchisee agrees (1) to use the Confidential Information only for the operation of its Franchised Business under a FIX AUTO Franchise Agreement; (2) to maintain the confidentiality of the Confidential Information during the Term and thereafter; (3) not to make or distribute, or permit to be made or distributed, any unauthorized copies of any portion of the Confidential Information; and (4) to implement all reasonable procedures prescribed by Franchisor for prevention of unauthorized use or disclosure of the Confidential Information.

Franchisee acknowledges and agrees that Franchisor has the perpetual right to use, and to authorize others to use, all ideas, techniques, methods and processes relating to the Franchised Business, which are conceived or developed by Franchisee and/or its employees.

11. RESTRICTIONS ON SIMILAR BUSINESSES

During the Term of this Agreement, Franchisee, its subsidiaries and affiliates and Owners will not have any direct or indirect interest anywhere in any same or substantially similar business to the Franchised Business, or in any entity awarding franchises or licenses or establishing joint ventures or other business enterprises for the operation of a same or substantially similar business without prior written consent from Franchisor. As used herein, "**same or substantially similar business**" shall mean a collision repair facility or body shop business; "same or substantially similar business" shall specifically exclude: (a) Franchisee's Pre-existing Business; and (b) any other automotive business franchised by Driven Brands Holdings Inc. or its subsidiaries. Unless specifically authorized by Franchisor, Franchisee agrees that it will not join, participate in, become a member, or otherwise be associated with any other collision repair network or affiliation, branded or unbranded, which provides services similar to those provided by Franchisor,

including specifically, participation in insurance company DRP programs and supplier purchasing programs.

12. TRANSFERS

12.1 Transfers by Franchisor

This Agreement, and any or all of its rights and/or obligations under it, are fully transferable by Franchisor, in whole or in part, without Franchisee's consent. If Franchisor transfers this Agreement, only the transferee will have obligations to Franchisee and Franchisor's obligations (and those of Franchisor's affiliates) will be extinguished. Franchisee specifically agrees that Franchisor may be sold and/or Franchisor may sell any or all of its intellectual property and/or other assets (including the Marks); go public; engage in a private or other placement of some or all of its securities; merge, acquire other entities and/or assets (competitive or not); be acquired by a competitive or other entity; and/or undertake any refinancing, leveraged buy-out and/or other transaction. Franchisee agrees that Franchisor will have no liability to Franchisee resulting from its entering into any transactions permitted hereunder. Franchisor also may, on a permanent or temporary basis, delegate any or all of its duties to another company to perform. In such event, Franchisee will look only to such other company for the performance of such duties, and such other company will agree to assume such duties under the terms of this Agreement.

12.2 Transfers by Franchisee

A. **Permitted Transfers Requiring Notice, But Not Franchisor Approval Nor Payment of Any Fee**. Franchisee and its Owners will remain jointly and severally liable to Franchisor for all obligations owed by Franchisee, and Franchisee must give Franchisor notice of a transfer to a corporation or limited liability company of affiliate company at least thirty (30) days prior to the planned transfer date, but no Franchisor approval, nor payment of a transfer fee is required if Franchisee is an individual or partnership, and desires to assign and transfer its rights, assets and obligations under this Agreement to a corporation or limited liability company that is wholly-owned by Franchisee and formed for the convenience of ownership, so long as the terms and conditions of the this Agreement remain unchanged, and the Franchisee shall own and control all of the equity and voting power of all issued and outstanding stock of the transferee corporation or all of the equity and voting power of the limited liability company and, if Franchisee is more than one individual, each individual shall have the same proportionate ownership interest in the corporation or limited liability company as he or she had in Franchisee prior to the transfer.

B. **Transfers Requiring Notice, Payment of a Transfer Fee and Prior Approval**. The rights and duties created by this Agreement are personal to Franchisee (or its owners, if Franchisee is a business entity). Franchisor has awarded the franchise relying on the individual integrity, ability, experience and financial resources of Franchisee or its owners. Therefore, this Agreement, the franchise, Franchisee, the Franchised Business or the business conducted at the Franchised Business (or any interest in, or the ownership or assets of, any of them) may not be transferred without Franchisor's prior written approval, which approval shall not be unreasonably delayed or withheld. Franchisor may place reasonable conditions on its approval of any transfer by Franchisee. While Franchisor acknowledges that Franchisee may be a family business which may be transferred within the immediate family as the current owner retires or otherwise desires to leave the business, Franchisor still retains its right to approve or disapprove such a transfer, consistent with the criteria and conditions set forth below. In the event of an intra-family transfer, Franchisor will waive the franchise transfer fees described in Subsection (8) of Section 12.3A. Any purported transfer not in accordance with this Section 12.2, occurring by operation of law or otherwise, including any assignment to or by a trustee in bankruptcy, without Franchisor's prior written consent, will be void and will be a material default of this Agreement. Franchisee agrees to provide any prospective party to a transfer a copy of this Agreement before entering into any negotiations relating to a transfer.

12.3 Conditions for Approval of Any Transfer by Franchisee

A. All of the following conditions must be met prior to, or concurrently with, the effective date of any transfer by Franchisee. Franchisor may waive any condition in its sole and absolute discretion.

(1) Franchisee must be in substantial compliance with this Agreement (including, without limitation, Section 12.5), the Operations Playbook, all other agreements between Franchisee and Franchisor (including any of its respective affiliates), and all leases/subleases with any party, and the transferee must expressly assume all obligations under all such agreements. If Franchisor believes Franchisee is not in substantial compliance with any of the agreements, then Franchisor shall notify Franchisee in writing specifically detailing the noncompliance and shall give Franchisee (except in those cases where there is no cure period) an opportunity to cure as set forth herein.

(2) The transferee and its owners must meet Franchisor's then-current reasonable requirements for new FIX AUTO franchisees, including, but not limited to, business experience, aptitude and financial resources, and the transferee must complete or agree to complete Franchisor's training program for new franchisees. If the transfer is among immediate family members, Franchisor may waive some or all of the training requirement depending on the transferee's active involvement in the business.

(3) Any and all promissory notes owed by Franchisee to Franchisor or its affiliates shall be accelerated and paid in full or assumed by the transferee (with Franchisee to remain jointly obligated).

(4) Neither the transferee nor any of its direct or indirect owners or affiliates operates, has an ownership interest in, or performs services for a same or substantially similar business as a FIX AUTO Shop.

(5) All undisputed obligations to third parties in connection with the Franchised Business must be satisfied or assumed by the transferee.

(6) The Franchised Business must have been brought into substantial compliance with the Operations Playbook and specifications and standards then-applicable for new FIX AUTO Shops.

(7) The transfer will occur through the use of an escrow or a closing attorney, as applicable, and the escrow or closing instructions will provide for (i) payments of all fees owed to Franchisor, including transfer fees, training fees and any other amounts; and (ii) a 'hold back' in the amount of two percent (2%) of the Franchised Business' annual Gross Sales for a period not to exceed twenty-four (24) months, to provide for correction of defects in workmanship committed by Franchisee or for payment to the transferee of warrantied work performed by Franchisee.

(8) The transferee must, at Franchisor's option, (i) agree to be bound by all the terms and conditions of this Agreement for the remainder of the term (including renewal options), or (ii) execute Franchisor's then-current form of franchise agreement and ancillary documents (including guarantees) as are then customarily used by Franchisor in the grant of franchises; the term of such new franchise agreement shall, at its option, be either for the balance of the Term of this Agreement (including renewal options) or for the full term generally awarded to new franchisees as of the time of the transfer.

(9) Franchisee must pay Franchisor a transfer fee in the amount of Seven Thousand Five Hundred Dollars ($7,500) with its application for a transfer. The transfer fee, less any administrative costs incurred by Franchisor to review the proposed transfer and evaluate the prospective transferee, is refundable if the proposed transfer is not approved by Franchisor.

(10) Franchisee and each of its owners must execute a general release, in a form prescribed by Franchisor.

(11) Franchisee must provide customer and warranty information to the transferee, and the transferee must agree to honor all valid warranties on work performed by Franchisee for a period of twenty-four (24) months after the transfer.

(12) In connection with the sale of goodwill by Franchisee, Franchisee will agree with the transferee not to compete with the transferee using the System, after the transfer in accordance with restrictions reasonably acceptable to Franchisor and Franchisee and substantially similar to those described in Section 11, above. Unless specifically agreed to by Franchisee, such agreement will not include: (a) Franchisee's Pre-existing Business, as the same may change from time to time; or (b) any other automotive business franchised by Driven Brands Holdings Inc. or its subsidiaries.

(13) Franchisee shall pay Franchisor a commission if Franchisor procures a purchaser for the franchise. Such commission, which shall not exceed Franchisor's then-current standard Initial Franchise Fee, shall be payable upon closing.

B. Franchisor may withhold or reasonably condition its consent to any transfer if Franchisor believes that the terms of transfer jeopardize the economic viability of the franchise, result in an individual owner controlling more than ten percent (10%) of the total number of franchisees and/or if Franchisor would not normally directly award a franchise in such a situation.

C. Neither Franchisee nor any transferee shall rely on Franchisor to assist in the evaluation of the terms of any proposed transfer. Franchisee acknowledges and agrees that an approval of a proposed transfer shall not be deemed to be an approval of the terms, nor any indication as to any likelihood of success or economic viability.

FRANCHISEE EXPRESSLY ACKNOWLEDGES AND AGREES THAT FRANCHISEE MAY NOT INITIATE OR ATTEMPT TO INITIATE A TRANSFER TO A TRANSFEREE IF SUCH TRANSFEREE (OR ANY OF ITS DIRECT OR INDIRECT OWNERS OR AFFILIATES) OPERATES, HAS AN OWNERSHIP INTEREST IN, OR PERFORMS SERVICES FOR, A SAME OR SUBSTANTIALLY SIMILAR BUSINESS AS A FIX AUTO SHOP. FOR THE AVOIDANCE OF DOUBT, FRANCHISOR SHALL NOT CONSENT TO SUCH TRANSFER, AND FRANCHISOR'S REFUSAL TO CONSENT TO SUCH TRANSFER SHALL NOT BE DEEMED UNREASONABLE. If Franchisee terminates or attempts to terminate this Agreement for the purpose of engaging in a transfer in violation of this Section 12, Franchisor shall be entitled to injunctive relief prohibiting such transfer, and any such transfer shall be void.

12.4 Transfers Upon Death, Disability or Incapacity of Franchisee

If Franchisee, or if the owner of Franchisee with a controlling interest, dies or is permanently disabled or permanently incapacitated, then his or her interest in this Agreement, the franchise and/or Franchisee shall be transferred to a third party subject to all of the provisions of this Section 12, including the ability to transfer this Agreement to a family member. A "permanent disability" or "permanent incapacity" occurs if Franchisee is not able to personally, actively participate in the

management of its Franchised Business for six (6) consecutive months. Any transfer under this Section shall be completed within six (6) months from the date of death or permanent disability or permanent incapacity. If no transfer occurs, the franchise will automatically terminate at the end of such period, unless a written extension is granted by Franchisor in its Business Judgment.

12.5 Franchisor Purchase Option and Right of First Refusal

A. **Franchisor Purchase Option in the Event of Unauthorized Transfer**.

(1) In the event that, prior to the expiration of the full term, Franchisee initiates or attempts to initiate a transfer of the franchise, Franchisee, the Franchised Business or the business conducted at the Franchised Business (or any interest in, or the ownership or assets of, any of them) to a same or substantially similar business (including an independent operator), then, without limiting any other rights or remedies that Franchisor has under this Agreement or applicable law, Franchisor shall have the right for a period of ninety (90) days commencing on the date that Franchisor receives all of the items listed in Exhibit 12.5 to this Agreement (the "**Franchisor Option Period**"), to, at Franchisor's election and in Franchisor's sole discretion, inform Franchisee that it intends to (i) purchase the assets of the Franchised Business at fair market value, exclusive of any goodwill, and obtain an assignment of the Location Agreement for the Approved Premises, or (ii) purchase on substantially the same terms and conditions as Franchisee's proposed transfer. If Franchisee and Franchisor are unable to agree on the fair market value of the assets, the fair market value shall be determined by an independent appraiser selected by Franchisor, at its sole expense. If Franchisee does not have a Location Agreement for the Approved Premises because Franchisee or any owner(s) (or any entity under their control) owns the real property on which the Approved Premises is located, then Franchisor shall have the option to enter into a lease with Franchisee for the Approved Premises of the Franchised Business at fair market rent for a term of at least ten (10) years. If Franchisee and Franchisor are unable to agree on the fair market rent for the Approved Premises, the fair market rent shall be determined by an independent appraiser selected by Franchisor, at its sole expense. If Franchisor elects to exercise its rights pursuant to this Section, then Franchisor shall provide a written notice of such intent to Franchisee (the "**Franchisor Option Notice**") before the expiration of the Franchisor Option Period.

(2) If Franchisor provides the Franchisor Option Notice to Franchisee, Franchisor and Franchisee (and/or Franchisee's owners) will negotiate in good faith a purchase agreement on substantially the same material terms and conditions of the third-party offer, except as outlined herein, and such other terms and conditions reasonably satisfactory to Franchisor and Franchisee. The purchase agreement shall contain such agreements, representations, warranties, covenants, indemnities and customer warranty reserve funds, and requiring such documents at closing, as are reasonably necessary to protect each party's interests. The closing shall occur not more than ninety (90) days after the date of the Franchisor Option Notice unless the closing is delayed for reasons beyond Franchisor's reasonable control. In the event the consideration offered by the same or substantially similar business (or independent operator) is such that Franchisor may not reasonably be able to provide the same form of consideration, then Franchisor may purchase the interest proposed to be sold for the reasonable value equivalent in cash. If Franchisor and Franchisee are unable to agree on the reasonable value equivalent in cash of the consideration, Franchisor may designate, at its sole expense, an independent appraiser to determine the reasonable value equivalent in cash of the consideration. The independent appraiser's determination shall be binding.

(3) Franchisor shall have the right to assign its rights (in whole or in part) under this Section 12.5A or designate another person or entity to exercise such rights. For the avoidance of doubt, either Franchisor or its third-party assignee can exercise the rights set out in this Section 12.5A. Franchisee expressly agrees that the items provided by Franchisee to Franchisor pursuant to Exhibit 12.5 of this Agreement may be disclosed by Franchisor to one (1) or more potential third-party designees. The

rights and restrictions in this Section 12.5A are in addition to any rights and restrictions set forth in this Agreement, including, without limitation, Section 12.5B.

B. **Right of First Refusal**.

(1) During the Term of this Agreement and for a six (6)-month period following expiration (in the event of non-renewal) or termination of this Agreement, Franchisor shall have a right to match any offer by a third party to purchase the assets of the Franchised Business, the interests in Franchisee or in this Agreement (as applicable) ("**Right of First Refusal**" or "**ROFR**"). With respect to any such proposed sale, Franchisee or Franchisee's owners will (1) provide to Franchisor all of the items listed in Exhibit 12.5 to this Agreement, and (2) offer Franchisor the right to purchase on the same terms and conditions as the proposed purchaser. Franchisor will have the right to accept such offer (i) at any time within ninety (90) days from the date that Franchisor receives all of the items listed on Exhibit 12.5 of this Agreement, if Franchisee receives the third-party offer during the Term of this Agreement or during the six (6)-month period following expiration (in the event of non-renewal) or termination of this Agreement and the proposed purchaser and its affiliates are not engaged in a same or substantially similar business; or (ii) at any time within one hundred eighty (180) days from the date that Franchisor receives all of the items listed on Exhibit 12.5 of this Agreement, if Franchisee receives the third-party offer during the six (6)-month period following expiration (in the event of non-renewal) or termination of this Agreement and the proposed purchaser and its affiliates are engaged in a same or substantially similar business (the applicable period, the "**Franchisor Evaluation Period**"). For the avoidance of doubt, any transfer to a same or substantially similar business (including an independent operator) during the Term of this Agreement shall be subject to the terms and conditions set forth in Section 12.5A. If Franchisor elects to exercise its rights pursuant to this Section, then Franchisor shall provide a written notice of such intent to Franchisee (the "**Franchisor Intent Notice**") before the expiration of the Franchisor Evaluation Period.

(2) If Franchisor provides the Franchisor Intent Notice to Franchisee, Franchisor and Franchisee (and/or Franchisee's owners) will negotiate in good faith a purchase agreement on substantially the same material terms and conditions of the third-party offer, except as outlined herein, and such other terms and conditions reasonably satisfactory to Franchisor and Franchisee. The purchase agreement shall contain such agreements, representations, warranties, covenants, indemnities and customer warranty reserve funds, and requiring such documents at closing, as are reasonably necessary to protect each party's interests. The closing shall occur not more than ninety (90) days after the date of the Franchisor Intent Notice unless the closing is delayed for reasons beyond Franchisor's reasonable control. In the event the consideration offered by a third party is such that Franchisor may not reasonably be able to provide the same form of consideration, then Franchisor may purchase the interest proposed to be sold for the reasonable value equivalent in cash. If Franchisor and Franchisee are unable to agree on the reasonable value equivalent in cash of the consideration, Franchisor may designate, at its sole expense, an independent appraiser to determine the reasonable value equivalent in cash of the consideration. The independent appraiser's determination shall be binding. In addition, if the third-party purchaser and Franchisee have including terms in the proposed offer that, in Franchisor's reasonable judgment, are intended to make it difficult or impossible for Franchisor to exercise its rights under this Section, Franchisor shall not be required to match such terms in exercising the Right of First Refusal.

(3) If Franchisor does not provide the Franchisor Intent Notice to Franchisee, then Franchisee or Franchisee's owners will be free to sell to a third-party purchaser, provided that the terms and conditions of sale, including price, are no more favorable to the third-party purchaser than what was offered to Franchisor. If (i) Franchisee or Franchisee's owners determine that they are willing to accept terms and conditions from any third-party purchaser that are more favorable to the third-party purchaser than what has been offered to Franchisor, or (ii) more than ninety (90) days has passed since the expiration

of the Franchisor Evaluation Period and the proposed sale has not occurred, Franchisee or Franchisee's owners must again (a) notify Franchisor and (b) offer in writing the same terms and conditions to Franchisor, and Franchisor will have ninety (90) days after the date of receipt of such notification to accept Franchisee's or Franchisee's owner(s)'s offer. Franchisee expressly agrees to provide Franchisor the executed purchase agreement signed at the closing of the sale to the third-party purchaser so that Franchisor may confirm that the terms of the transaction are consistent with the offer made to Franchisor.

(4) Franchisor shall have the right to assign the ROFR (in whole or in part) or designate another person or entity to exercise such ROFR. For the avoidance of doubt, either Franchisor or its third-party assignee can exercise the Right of First Refusal set out in this Section 12.5B. Franchisee expressly agrees that the items provided by Franchisee to Franchisor pursuant to Exhibit 12.5 of this Agreement may be disclosed by Franchisor to one (1) or more potential third-party designees.

12.6 Liquidated Damages

If this Agreement is terminated pursuant to Section 13.1F herein, Franchisee must pay Franchisor, on demand, liquidated damages equal to an amount calculated as follows: (i) the number of months then remaining in the Term as of the effective date of termination multiplied by the average monthly Advertising Fees that Franchisee owed Franchisor during the twelve (12)-month period before the month of termination (or such lesser period that the Franchised Business has been open, if less than twelve (12) months); provided, however, that such average monthly amount shall not exceed Nine Hundred Fifty Dollars ($950) or the then agreed upon cap on the monthly Advertising Fee amount; (ii) the amount of any marketing or Advertising Program Fees previously agreed upon by Franchisor and Franchisee in addition to the standard monthly Advertising Fee and which have not been paid and received by Franchisor; (iii) the number of months then remaining in the Term as of the effective date of termination multiplied by the average monthly Central Review Fees that Franchisee owed Franchisor during the twelve (12)-month period before the month of termination (or such lesser period that the Franchised Business has been open, if less than twelve (12) months); and (iv) the number of months then remaining in the Term as of the effective date of termination multiplied by the average monthly Base Fees that Franchisee owed Franchisor during the twelve (12)-month period before the month of termination (or such lesser period that the Franchised Business has been open, if less than twelve (12) months), but before the application of any discounts on the Base Fee on account of Preferred Suppliers used by Franchisee (the "**Average Monthly Base Fee**"); provided, however, that such Average Monthly Base Fee amount shall not exceed any cap on the monthly Base Fee amount payable by Franchisee under this Agreement (the "**Base Fees LD**"). Notwithstanding the foregoing in subpart (iv), if the termination of this Agreement under Section 13.1F results from Franchisee's breach of Section 12.5, then the amount of Base Fees LD payable as part of the liquidated damages hereunder shall be increased by an amount equal to the lesser of (a) one hundred percent (100%) of the Base Fees LD or (b) twenty-four (24) multiplied by the Average Monthly Base Fee. The parties acknowledge and agree that Franchisee's payment of liquidated damages to Franchisor hereunder shall not be a penalty for Franchisee's breach of this Agreement, but rather a reasonable estimate of the losses Franchisor will incur as a result of the Franchised Business closing prior to the expiration of the Term. Franchisee's obligation to pay such amounts under this Section 12.6 shall be in addition to Franchisee's obligations to (A) pay all other amounts still owed hereunder by it to Franchisor as of the effective date of termination, and (B) adhere to Franchisee's other post-termination obligations under this Agreement. Franchisor's right to receive liquidated damages under this Section 12.6 shall be in addition to all other post-termination remedies available to Franchisor under this Agreement.

13. TERMINATION OF THE FRANCHISE

13.1 Defaults with No Right to Cure

This Agreement will automatically terminate upon delivery of Franchisor's written notice of default and termination ("**Notice of Default and Termination**") to Franchisee in compliance with Section 16, below (without further action by Franchisor and without opportunity to cure) if Franchisee (or any of its owners):

A. Operates the Franchised Business in any manner which might pose a danger to public health and/or safety;

B. abandons or fails to operate the Franchised Business for more than seven (7) consecutive calendar days, unless failure is due to acts of God (such as tornadoes, earthquakes, hurricanes, floods, fire or other natural catastrophe);

C. makes any material misrepresentation or omission in its application for the franchise, including (but not limited to) failure to disclose any prior litigation or criminal convictions (other than minor traffic offenses);

D. is judged bankrupt, becomes insolvent, makes an assignment for the benefit of creditors, is unable to pay its debts as they become due, or a petition under any bankruptcy law is filed by or against Franchisee or any of its owners or a receiver or other custodian is appointed for a substantial part of the assets of the Franchised Business;

E. is convicted of, or plead no contest to, a felony, or to any crime or offense, or engaged in any misconduct (including, but not limited to, child abuse, health or safety hazards, drug or alcohol problems, or permitting unlawful activities at the Franchised Business) that is likely to adversely affect (in a material and substantial manner) the reputation of the franchise or any owner, the Franchised Business, Franchisor or the goodwill associated with the Marks;

F. knowingly and willfully makes, or attempts to make, a transfer of the Franchised Business that is not in accordance with Section 12 of this Agreement;

G. violates any of the restrictions against competition provided in Section 11 (or any other person identified therein commits such a violation); or

H. fails to reasonably permit or cooperate with Franchisor or Franchisor's designee in any audit or inspection or fails to retain (or to produce on request) any records required to be maintained by Franchisee.

13.2 Defaults with Right to Cure

This Agreement will automatically terminate on delivery of Franchisor's written Notice of Default and Termination to Franchisee in compliance with Section 16 (without further action by Franchisor and without further opportunity to cure beyond that set forth in this Section):

A. 10-Day Cure. If within ten (10) calendar days after delivery of Franchisor's written notice to Franchisee, Franchisee (or any of its owners) does not cure any:

(1) failure to maintain required insurance;

(2) failure to submit any report due under this Agreement;

(3) failure to make payments of any amounts due Franchisor or its affiliates; or

(4) failure to comply with any of the dispute resolution provisions of this Agreement, including (but not limited to) failure to pay/deposit any amounts required, and/or unexcused failure to appear or respond to any dispute resolution proceedings.

With respect to items A.(1) and/or A.(2) above, Franchisor may require Franchisee to immediately cease all operations until such defaults are fully cured.

B. 30-Day Cure. If within thirty (30) calendar days after delivery of Franchisor's written Notice of Default and Termination to Franchisee, Franchisee (or any of its owners) does not cure any:

(1) delinquency in Franchisee's obligations to any supplier/creditor of Franchisee, taxing authorities, landlords, equipment lessors, suppliers and/or others;

(2) failure to comply with any other material provision of this Agreement, any other agreement with Franchisor and/or its affiliates, or any material specification, standard or operating procedure or rule prescribed by Franchisor in the Operations Playbook or by other writing which does not provide for a shorter notice period;

(3) failure to complete FIX AUTO Integration within fifteen (15) weeks of the Effective Date of this Agreement, unless Franchisee has requested an extension of such fifteen (15)-week period in writing and been approved;

(4) failure to comply with the requirements of any Corporately Managed Insurance Program, as may be set forth in the applicable Service Level Agreement for such program; or

(5) failure to timely meet the site selection, development, opening and other requirements provided in Sections 1.2 and 4, herein.

If any such default under this Section 13.2B cannot reasonably be corrected within such thirty (30)-day period, then Franchisee must undertake diligent efforts within such thirty (30)-day period to come into full compliance. Franchisee must furnish, at Franchisor's request, proof acceptable to Franchisor of such efforts and the date full compliance will be achieved. In any event, all such defaults must be fully cured within ninety (90) days after delivery of the initial written Notice of Termination to Franchisee.

13.3 Repeated Defaults

This Agreement will automatically terminate upon delivery of Franchisor's written Notice of Default and Termination to Franchisee in compliance with Section 16 (without further action by Franchisor and without opportunity to cure) if Franchisee has committed three (3) or more applicable defaults within any calendar year, or five (5) or more applicable defaults within any twenty-four (24) consecutive months. An "applicable default" is a material single breach of any obligation under this Agreement and/or the Operations Playbook, or under any other agreement with Franchisor and/or any of its affiliates.

13.4 Cross-Defaults

Any default by Franchisee (or any of its owners or affiliates) under this Agreement may be regarded by Franchisor as a default under any other agreement between Franchisor (or any Franchisor affiliate) and Franchisee (or any of its owners or affiliates). Any default by Franchisee (or any of its owners or affiliates) under any other agreement or any other obligation between Franchisor (or any Franchisor affiliate) and Franchisee (or any of its owners or affiliates) may be regarded as a default under this Agreement.

13.5 Failure to Meet Performance Standards

A. Franchisee and Franchisor have a shared interest in the Franchised Business not performing below the System standards, and Franchisor would not have entered into this franchise relationship if it had anticipated that Franchisee would not meet the System standards.

B. FIX AUTO System Standards. Franchisor may choose, in its Business Judgment, to evaluate the Franchised Business for compliance with the System standards using various methods (including, but not limited to, inspections, field service visits, customer comments/surveys, and secret shopper reports).

C. FIX AUTO Performance Management Program. Franchisor has created a documented Performance Management Program ("**PMP**") that establishes clear performance guidelines, structured progressive support and remediation milestones that will be applied to franchisees. If Franchisee does not meet the minimum PMP performance guidelines prescribed by Franchisor from time to time in the Operations Playbook or otherwise in writing, Franchisor will implement the PMP remediation steps. If Franchisee fails to improve its performance per the PMP performance guidelines within sixty (60) days of being notified of non-compliance, Franchisor can, at its election suspend Franchisee from any Service Level Agreement or other work provider contracts and implement the correction process as described in Section 13.5H, below. If Franchisee fails to meet the PMP performance guidelines within six (6) months of being notified of non-compliance, Franchisor can, at its election terminate this Agreement.

D. FIX AUTO Minimum Annual Sales Standard. At any time, Franchisor may choose, in its Business Judgment, to compare Franchisee's sales from the prior twelve (12) months with the then current applicable "Minimum Annual Sales Standard" prescribed by Franchisor from time to time in the Operations Playbook or otherwise in writing. If Franchisee drops below the applicable Minimum Annual Sales Standard, Franchisor can implement the correction process as described in Section 13.5H below and thereafter terminate this Agreement in the event Franchisee fails to achieve the Minimum Annual Sales Standard for its Franchised Business.

E. FIX AUTO Insurance Referrals Standard. Franchisee must maintain and provide to Franchisor a minimum of three (3) positive insurance company references. If Franchisee does not maintain the minimum positive insurance company references, Franchisor can, at its election, suspend Franchisee from a specific insurance company's flow of work or terminate this Agreement.

F. Franchisor reserves the right to make reasonable revisions to elements of the Performance Standards on six (6) months written advance notice to Franchisee.

G. Franchisor may (but is not required to) implement the correction process described in Section 13.5H, below, if Franchisee fails to meet the Performance Standards, as described in this Section 13.

H. Correction Process.

(1) If Franchisor notifies Franchisee of its failure to meet any Performance Standards, then Franchisee will have six (6) months from Franchisor's delivery of written notice to Franchisee in accordance with Section 16, below, to meet all applicable Standards. If Franchisee does not meet all applicable Standards within six (6) months, Franchisor can, at its election, terminate this Agreement.

(2) Franchisor will reasonably cooperate with and assist Franchisee in its efforts to meet its performance requirements. Among other things, Franchisor can (i) require Franchisee and/or its manager to attend and successfully complete a re-training seminar at Franchisor's then-current headquarters, with Franchisee to pay all related travel, meals, lodging and incidental expenses, or (ii) send a trainer to Franchisee's location to present a re-training seminar, which Franchisee and its manager must successfully complete, at Franchisee's expense.

(3) As part of the correction process, Franchisee agrees to sign a probation report which clearly sets forth an admission by Franchisee of the problems identified, the remedial actions taken, and the consequences for repeated failure or defaults.

I. If within such six (6) months the Franchised Business does not meet the Performance Standards, then Franchisor can reduce, eliminate or otherwise modify referrals made to Franchisee for work from insurance companies and/or reduce or eliminate Franchisee's Territory or exclusivity.

J. Nothing in this Section is intended to limit or diminish in any way any rights or remedies provided Franchisor under this or any other agreement, at law or in equity. The fact that any correction process may be ongoing shall not prevent Franchisor from exercising any such rights and/or remedies, including any right to terminate this Agreement for another default under this or any other agreement.

13.6 Non-Exclusive Remedies

Whenever Franchisor has a right to terminate this Agreement, Franchisor (and any Franchisor affiliate) will have all remedies allowed at law and in equity. No right or remedy which Franchisor may have (including termination) is exclusive of any other right or remedy, and Franchisor may pursue any rights and/or remedies available. In every instance in which Franchisor has the right to terminate this Agreement under this Section 13, Franchisor may elect in its reasonable Business Judgment to cancel any and/or all of Franchisee's territorial rights or limit or eliminate referrals to Franchisee.

13.7 Franchisor's Right to Discontinue Supplying Items upon Default

Franchisor and any Franchisor affiliate has the right, in addition to all other rights and remedies, to require upon the issuance of a default that Franchisee pay by certified check for any goods/services related to the operation of its Franchised Business. Franchisor and any Franchisor affiliate also have the right to stop selling and/or providing any goods and/or services to Franchisee until Franchisee has cured all defaults.

13.8 Prompt Notice of Claims by Franchisee

If Franchisee claims that a default has been committed by Franchisor (or that Franchisee has any other basis for terminating its obligations and Franchisor's rights under this Agreement or making

any other claim against Franchisor), Franchisee must give Franchisor written notice and thirty (30) days to cure. If Franchisor cannot reasonably cure within such thirty (30)-day period, and Franchisor is diligently continuing efforts to cure, then Franchisor will have ninety (90) days to cure. Any applicable statutes of limitations will be tolled during such thirty (30)-/ninety (90)-day periods. Franchisee further understands that it is not permitted to terminate this Agreement for any default committed by Franchisor, except as permitted herein or by applicable law.

13.9 Force Majeure

Whenever a period of time is provided in this Agreement for either party to do or perform any act or thing, except the payment of monies, neither party shall be liable or responsible for any delays due to Force Majeure or other causes beyond the reasonable control of the parties. In this Agreement, the term "Force Majeure" shall include any of the following: (i) casualty or condemnation; (ii) storm, earthquake, hurricane, tornado, flood or other act of God; (iii) war, insurrection, pandemics, epidemics, quarantine restrictions, civil commotion or act of terrorism; (iv) strikes or lockouts; (v) embargoes, lack of water, materials, power or telephone transmissions specified or reasonably necessary in connection with the production, storage, shipment, or sale of goods and services; or (vi) failure of any applicable governmental authority to issue any approvals, or the suspension, termination or revocation of any material approvals, required for the production, storage, shipment, or sale of goods or services. Any time period for the performance of an obligation shall be extended for the amount of time of the delay. The party whose performance is affected by any of such causes shall give prompt written notice of the circumstances of such event to the other party, but in no event more than five (5) days after the commencement of such event. The notice shall describe the nature of the event and an estimate as to its duration. This clause shall not apply or not result in an extension of the Term of this Agreement.

14. RIGHTS AND OBLIGATIONS ON TRANSFER, REPURCHASE, TERMINATION AND/OR EXPIRATION OF THE FRANCHISE

14.1 Payments of All Amounts Owed

Franchisee must pay all amounts of any kind owed to Franchisor and/or any Franchisor affiliate in conjunction with the transfer, termination or expiration of the franchise. These amounts include a warranty 'hold back' in the amount of two percent (2%) of the Franchised Business' annual Gross Sales for a period not to exceed twenty-four (24) months, to provide for correction of defects in workmanship committed by Franchisee or for payment to a transferee of warrantied work performed by Franchisee.

14.2 Intellectual Property, Confidential Information and Trade Dress

After any transfer, termination or expiration of the Franchise:

A. Franchisee agrees to immediately and permanently discontinue its Franchised Business and any use of the Confidential Information, the Marks or the System, and will not use any similar or derivative marks, or materials, or colorable imitations of any of the Confidential Information, Marks or System in any medium or manner or for any purpose;

B. Franchisee will return to Franchisor or (at Franchisor's option) destroy all manuals (including, but not limited to, the Operations Playbook), forms, materials, signage and any other items containing any FIX AUTO intellectual property or Marks, or otherwise identifying or relating to the Franchised Business (to the extent they have not been assigned in connection with an authorized transfer);

C. Franchisee will take such actions as may be required to cancel all fictitious or assumed names or equivalent registrations relating to its use of any Marks which have not been assigned in connection with an authorized transfer;

D. Franchisee will remove from the Approved Premises any distinctive signage, physical and/or structural features associated with the FIX AUTO Shop(s), so that the Approved Premises are clearly distinguished from other FIX AUTO Shops and do not create any public confusion (to the extent they have not been assigned in connection with an authorized transfer). If Franchisee fails to initiate immediately and complete such changes within thirty (30) days of the effective date of termination or expiration as required by this Section 14.2, Franchisee agrees that Franchisor may, at its option, either: (i) directly or through its authorized agent or contractor, enter the Approved Premises and adjacent areas at any time after that thirty (30)-day period to make such changes, at Franchisee's sole risk and expense, without liability for trespass or other tort or criminal act; (ii) charge Franchisee a holdover signage fee of Three Thousand Five Hundred Dollars ($3,500) per month (the "**Holdover Signage Fee**"); or (iii) continue to require and demand that Franchisee undertake to meet its de-identification obligations directly, in which case Franchisor reserves all rights against Franchisee at law and in equity. Franchisee expressly acknowledges that its failure to make the changes required herein will cause irreparable injury to Franchisor. Franchisee agrees that any signs provided on loan by Franchisor can be removed by Franchisor immediately upon termination or expiration of this Agreement;

E. Franchisee agrees not to identify itself, or any business it may operate or in which it may become involved, or to advertise or promote itself in any manner, as a present or former FIX AUTO franchisee; and

F. Franchisee will furnish to Franchisor within thirty (30) days satisfactory evidence of its compliance with the obligations described in this Section 14.2 and in Section 14.3, below. If Franchisee operates any business using any of Franchisor's intellectual property, Marks, Confidential Information or any aspect of the System, Franchisor's remedies will include (but will not be limited to) recovery of the greater of (1) all profits earned by Franchisee in the operation of such business, or (2) all royalties, advertising contributions and other amounts which would have been due if this Agreement remained in effect with Franchisee. For purposes of this section, FIX AUTO intellectual property and Confidential Information shall not include: (i) information that is in the public domain (through no fault of Franchisee); (ii) information considered to be a best or common practice in the collision repair business; or (iii) information or legacy practices used by Franchisee in the business prior to Franchisee's execution of this Agreement. Upon termination or expiration of this Agreement, Franchisee shall retain the right to service all customers serviced by Franchisee at any time prior to the termination. Nothing in this Section 14.2 shall prohibit Franchisee from owning and operating an automotive collision repair shop after termination or expiration of the Agreement which would not otherwise be a violation of any terms of this Agreement.

14.3 Telephone and Other Directory Listings and Internet Sites

Franchisee understands and agrees that Franchisor owns all FIX AUTO telephone numbers, domain names, Internet addresses/sites and/or other communications services links (collectively, the "**Numbers**"), and any related FIX AUTO directory listings/advertising, used in connection with the operation of the Franchised Business, with the exception of any Numbers owned by Franchisee prior to executing this Agreement; those Numbers will remain the property of Franchisee. Franchisor may, in its Business Judgment, require Franchisee to sign an assignment of the applicable Numbers prior to training or at another time. After any termination and/or expiration of the franchise, Franchisee will promptly transfer, call-forward, discontinue or otherwise deal with the Numbers and any related directory listings/advertising as Franchisor directs, at Franchisee's expense. Franchisee agrees to sign any documents

and/or pay any amounts required by a telephone/communication services provider as a condition to Franchisor exercising any rights under this Section 14.3. Such companies may accept this Agreement as conclusive evidence of Franchisor's exclusive rights in such Numbers and related directory listings, web pages and advertising/marketing. If Franchisor is required to pay any amounts owed by Franchisee, to any telephone/communication services provider or otherwise, in connection with exercising its rights under this Section 14.3 or otherwise obtaining/exercising rights to the Numbers, Franchisee will immediately reimburse Franchisor for such amounts and all related costs, on demand. Notwithstanding the above, in the event Franchisee or Franchisor terminates this Agreement at any time then Franchisee shall retain any telephone numbers, websites or any of the other mediums listed above and used by Franchisee in connection with Franchisee's Pre-existing Business, as the same may change from time to time, and Franchisee may utilize any and all of the above referenced mediums in connection with the continuation of Franchisee's Pre-existing Business provided only: (1) Franchisee shall not have access to the System; and (2) Franchisee may not use the Marks or any reference to name as part of its advertising efforts.

14.4 Continuing Obligations

A. Except as otherwise provided in this Agreement, all obligations and rights which expressly or by their nature survive the transfer, expiration or termination of this Agreement will continue in full force and effect until they are satisfied or by their nature expire.

B. If this Agreement is terminated because of a default by Franchisee, Franchisee will not be released or discharged from its obligations, including payment of all amounts then due. Franchisor's remedies will include (but are not limited to) the right to accelerate the balances of any promissory notes owed and to receive any other unpaid amounts owed to Franchisor or any of its affiliates. Franchisee (and each of its owners) agrees to sign a general release if Franchisor chooses in its Business Judgment to waive its rights to collect any amounts that would have become due if Franchisee had continued in operation as a FIX AUTO franchisee.

C. If this Agreement is terminated because Franchisor ceases to be in the business of both awarding and maintaining FIX AUTO franchises, then Franchisee may enter into a similar business so long as none of the FIX AUTO intellectual property, Marks, System, Trade Dress, materials, supplies and anything else utilized in the creating or delivery of the System are not used in any way in the operation or creation of the similar business.

15. DISPUTE AVOIDANCE AND RESOLUTION

For the purposes of this Section 15, "Franchisee" shall be deemed to include its owners, affiliates and its respective employees, and "Franchisor" shall be deemed to include its owners, affiliates and its respective employees.

15.1 Mandatory Binding Arbitration, and Waiver of Court Trial

Franchisee and Franchisor believe that it is important to attempt to resolve any disputes amicably, quickly, cost effectively and professionally and to return to business as soon as possible. Franchisee and Franchisor have agreed that the provisions of this Section 15.1 support these mutual objectives and, therefore, agree as follows:

A. Claim Process: All controversies, disputes, or claims between Franchisor (and/or its affiliates) and Franchisee (and/or its affiliates) arising out of or related to: (i) this Agreement or any other agreement between Franchisee and Franchisor or any of its affiliates; (ii) Franchisor's (or any of its affiliates') relationship with Franchisee; (iii) the scope or validity of this Agreement or any other agreement

between Franchisee and Franchisor or any of its affiliates, or any provision of any of those agreements (including the validity and scope of the arbitration obligation under this Section 15.1, which Franchisor and Franchisee acknowledge is to be determined by an arbitrator, not a court); or (iv) any aspect of the Franchised Business or any System standard (collectively referred to as "**Claims**") must be resolved as follows:

(1) First, discussed in a face-to-face meeting held within thirty (30) days after either Franchisee or Franchisor give written notice to the other proposing such a meeting.

(2) Second, submitted to and finally resolved by binding arbitration before a single arbitrator in the county where Franchisor's then headquarters is located, and in accordance with the arbitration rules of the American Arbitration Association or its successor. Judgment on any preliminary or final arbitration award will be final and binding and may be entered in any court having jurisdiction (subject to the opportunity for appeal as contemplated below). The arbitrator shall have no authority to select a different hearing locale.

B. Confidentiality: The parties to any meeting or arbitration will sign confidentiality agreements, excepting only public disclosures and filings as are required by law.

C. Fees and Costs: The parties will bear their own fees and costs, including attorneys' fees; provided that for matters not settled through agreement of the parties, the non-prevailing party in that proceeding (as determined by the judge or arbitrator, as applicable) must reimburse the prevailing party for all of the prevailing party's costs and expenses that it incurs, including reasonable accounting, attorneys', arbitrators', and related fees.

D. Disputes Not Subject to the Arbitration Process: Claims or disputes relating primarily to the validity of the Marks and/or any FIX AUTO intellectual property licensed to Franchisee may be subjected to court proceedings, at Franchisor's or Licensor's sole election; provided that only the portion of any claim or dispute relating primarily to the validity of the Marks and/or any FIX AUTO intellectual property licensed to Franchisee and requesting equitable relief shall be subject to court action, and any portion of such claim seeking monetary damages will be subject to the process outlined above.

E. Franchisee's and Franchisor's Intentions: Franchisee and Franchisor mutually agree (and have expressly had a meeting of the minds) that:

(1) all issues relating to arbitration and/or the enforcement of arbitration-related provisions of this Agreement will be decided by the arbitrator (including all Claims that any terms were procured by fraud or similar means) and governed only by the Federal Arbitration Act (9 U.S.C. § 1 et seq.) and the federal common law of arbitration and exclusive of state statutes and/or common law;

(2) all provisions of this Agreement shall be fully enforced, including (but not limited to) those relating to arbitration, waiver of jury trial, limitation of damages, venue, choice of laws, shortened periods in which to bring Claims;

(3) Franchisee and Franchisor intend to rely on federal preemption under the Federal Arbitration Act (9 U.S.C. § 1 et seq.) and, as a result, the provisions of this Agreement will be enforced only according to its terms;

(4) Franchisee and Franchisor each knowingly waive all rights to a court trial (except as expressly provided in this Agreement), understanding that arbitration may be less formal than a

court or jury trial, may use different rules of procedure and evidence and that appeal is generally less available, but still strongly preferring arbitration as provided in this Agreement; and

(5) the terms of this Agreement (including, but not limited to, this Section 15.1) shall control with respect to any matters of choice of law.

15.2 Venue

Without in any way limiting or otherwise affecting Franchisee's and Franchisor's obligations under Section 15.1, above, Franchisee and Franchisor agree that any litigation will be brought in the state or federal court in the jurisdiction where Franchisor's then-current headquarters is located and Franchisee irrevocably submits to the jurisdiction of those courts and waives any objection it may have to either the jurisdiction or venue in those courts.

15.3 Terms Applicable to All Proceedings, Waiver of Trial by Jury, Certain Claims, and Class Action Rights

With respect to any arbitration, litigation or other proceeding of any kind, Franchisee and Franchisor:

A. IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER FRANCHISOR OR FRANCHISEE.

B. AGREE THAT ARBITRATION WILL BE CONDUCTED ON AN INDIVIDUAL, NOT A CLASS-WIDE BASIS AND THAT AN ARBITRATION PROCEEDING BETWEEN FRANCHISOR AND FRANCHISEE MAY NOT BE CONSOLIDATED WITH ANY OTHER ARBITRATION PROCEEDING BETWEEN FRANCHISOR AND ANY OTHER PERSON.

15.4 Limitations on Claims

EXCEPT FOR PUNITIVE, EXEMPLARY, AND TREBLE AND OTHER FORMS OF MULTIPLE DAMAGES AVAILABLE TO EITHER PARTY UNDER FEDERAL LAW, FRANCHISOR AND FRANCHISEE WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE, EXEMPLARY, AND TREBLE AND OTHER FORMS OF MULTIPLE DAMAGES AGAINST THE OTHER AND AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN FRANCHISOR AND FRANCHISEE, THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND TO RECOVERY OF ANY ACTUAL DAMAGES (INCLUDING LIQUIDATED DAMAGES) IT SUSTAINS.

15.5 Periods in Which to Make Claims

No arbitration, action or suit (whether by way of claim, counter-claim, cross-complaint, raised as an affirmative defense, offset or otherwise) by either Franchisee or Franchisor will be permitted against the other, whether for damages, rescission, injunctive or any other legal and/or equitable relief, in respect of any alleged breach of this Agreement, or any other Claim of any type, unless such party commences such arbitration proceeding, action or suit before the expiration of the earlier of:

(1) One (1) year after the date on which the state of facts giving rise to the cause of action comes to the attention of, or should reasonably have come to the attention of, such party; or

(2) Eighteen (18) months after the initial occurrence of any act or omission giving rise to the cause of action, whenever discovered.

The above periods may begin to run, and will not be tolled, even though the claiming party was not aware of the legal theories, statutes, regulations, case law or otherwise on which a claim might be based. If any federal, state or provincial law provides for a shorter limitation period than is described in this Section, then such shorter period will govern. The time period for actions for indemnity shall not begin to run until the indemnified party(ies) have been found liable and any time for appeals has run in the underlying action.

15.6 "Business Judgment" and "Sole Discretion" of Franchisor

When Franchisor uses the phrase "Business Judgment," whether in this Agreement or another context, Franchisee and Franchisor agree that Franchisor has the wholly unrestricted right to take or withhold an action, or to grant or decline to grant Franchisee the right to take or omit an action, make its decision or exercise its rights based on information readily available to it and its judgment of what is in the best interests of Franchisor, FIX AUTO Shops and the System generally at the time the decision is made, without regard to whether Franchisor could have made other reasonable or even arguably preferable alternative decisions or whether its decision promotes Franchisor's financial or other interest. Whenever the phrases "sole and absolute discretion" or "sole discretion" are used in this Agreement or in another context, Franchisee and Franchisor agree that Franchisor has the wholly unrestricted right to take or withhold an action, or to grant or decline to grant Franchisee the right to take or omit an action. Franchisor has established a franchisee advisory committee (the "**Market Leaders Council**") with the number of members determined by Franchisor, but consisting of not fewer than five (5) franchisee members, that, from time to time, which provides input on System standards, including, but not limited to, Performance Standards, the Operations Playbook, approval of required products and services, and ethics standards. Franchisee, Franchisor and all other franchisees have a collective interest in working within a franchise system with the flexibility to adjust to business conditions, including but not limited to the competitive environment, new regulatory developments and emerging business opportunities. Franchisee and Franchisor acknowledge and agree that the Market Leaders Council functions in an advisory capacity only and the ultimate decision-making responsibility for the System is vested solely in Franchisor.

15.7 Severability of Provisions

Each provision of this Agreement, and any portion of any provision, is severable (including, but not limited to, any provision related to dispute resolution).

15.8 Choice of Laws

Franchisee and Franchisor agree on the practical business importance of certainty as to the law applicable to their relationship and its possible effect on the development and competitive position of the System. Therefore, Franchisee and Franchisor also agree that, except with respect to the applicability of the Federal Arbitration Act, 9 U.S.C. § 1 et seq. and the effect of federal pre-emption of state law by such Act, and except to the extent governed by the United States Trademark Act and other federal laws and as otherwise expressly provided in this Agreement, this Agreement and all other matters, including, but not limited to, respective rights and obligations, concerning Franchisee and Franchisor, will be governed by, and construed and enforced in accordance with, the laws of North Carolina; except that the provisions of any law of that state regarding franchises (including, without limitation, registration, disclosure, and/or relationship laws) shall **not** apply unless that state's jurisdictional, definitional and other requirements are met independently of, and without reference to, this Section 15.8. Franchisee and Franchisor agree that this

provision shall be enforced without regard to the laws of North Carolina relating to conflicts of laws or choice of law.

15.9 No Recourse; Joint and Several Liability

A. Franchisee acknowledges and agrees that except as provided under an express statutory liability for such conduct, none of Franchisor's past, present or future directors, officers, employees, incorporators, members, partners, stockholders, subsidiaries, affiliates, controlling parties, entities under common control, ownership or management, vendors, service providers, agents, attorneys or representatives will have any liability for (i) any of Franchisor's obligations or liabilities relating to or arising from this Agreement, (ii) any claim against Franchisor based on, in respect of, or by reason of, the relationship between Franchisee and Franchisor, or (iii) any claim against Franchisor based on any of Franchisor's alleged unlawful act or omission. For the avoidance of doubt, this provision constitutes an express waiver of any claims based on a theory of vicarious liability, unless such vicarious claims are authorized by a guarantee of performance or statutory obligation. It is not meant to bar any direct contractual, statutory or common law claim that would otherwise exist.

B. Franchisor has the right to elect in its Business Judgment to not enforce (or to selectively enforce) any provision of this or any Agreement, standard or policy, whether with respect to Franchisee and/or any other franchisee or other person, in a lawful manner without liability.

C. If two (2) or more persons are at any time Franchisee or Franchisee's owners, all of their obligations and liabilities under this or any other agreement with Franchisor and/or any Franchisor affiliate will be joint and several.

15.10 Designation of Responsible Parties

Franchisee represents and warrants to Franchisor that the list provided on the first page of this Agreement under "**Franchisee Percentage Ownership**" states: (i) the name and equity interest of each person holding any shares or other form of ownership, or security interest convertible into an equity interest, in Franchisee, showing percentage of ownership held by each; and (ii) the name of the individual(s) who will be the principal franchisee-operator(s) (the "Designated Operator(s)") of the business franchised hereunder. The Designated Operator(s) (there may be up to two (2) such individuals but only one address to which Franchisor communicates to regarding the franchise) named has the authority to act for Franchisee in all matters relating to the FIX AUTO franchise, including voting responsibilities. Only those individuals who are party to this Agreement and have an ownership interest in the franchise entity may be listed as a Designated Operator(s). Franchisee shall promptly notify Franchisor of any change in any such information.

16. NOTICES

All written notices and reports to be delivered by the provisions of this Agreement or of the Operations Playbook will be deemed so delivered when delivered by hand, immediately on transmission by facsimile transmission or other electronic system, including e-mail or any similar means, one (1) business day after being placed in the hands of a commercial courier service for overnight delivery, or three (3) business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid and addressed to Franchisor (at Franchisor's then-current headquarters) to the attention of the Brand President, and to Franchisee, at its Franchised Business. Until the Franchised Business has opened for business, Franchisor may send Franchisee notices at any address appearing in Franchisee's application for a franchise or in Franchisor's records.

17. ACKNOWLEDGMENTS AND REPRESENTATIONS, ENTIRE AGREEMENT AND NO FIDUCIARY RELATIONSHIP

A. Franchisee and Franchisor agree that their relationship is not a fiduciary or similar special relationship, but rather is an ordinary commercial relationship between independent business people with arms-length dealings.

B. Franchisee and Franchisor agree that this Agreement contains the final, complete and exclusive expression of the terms of their agreement (along with concurrently signed writings, such as but not limited to personal guarantees, addenda, exhibits, releases and any other related documents (collectively, the "**Related Documents**")) and supersedes all other agreements and/or representations of any kind or nature. Any understandings, agreements, representations, or otherwise (whether oral or written) which are not fully expressed in this Agreement are expressly disclaimed by Franchisee and Franchisor, including, but not limited to, any promises, options, rights of first refusal, guarantees, and/or warranties of any nature (excepting only the written representations made by Franchisee in connection with its application for this franchise and representations made by Franchisor in its Franchise Disclosure Document). Neither Franchisee nor Franchisor believes it to be fair or reasonable for the other party to have to deal with allegations about understandings and representations not fully expressed in writing in this Agreement. No amendment, change or variance from this Agreement shall be binding on either party unless executed in writing by both parties. Notwithstanding the foregoing, nothing in this Agreement is intended to disclaim representations Franchisor made to Franchisee in the Franchise Disclosure Document or in any related document that Franchisor heretofore furnished to Franchisee.

IN WITNESS WHEREOF, Franchisee and Franchisor have executed and delivered this Agreement in counterparts on the day and year first above written. This Agreement may be signed with full legal force and effect using electronic signatures and records.

[Signatures on Following Page]

THIS AGREEMENT WILL NOT BECOME EFFECTIVE UNLESS AND UNTIL SIGNED BY THE DESIGNATED OFFICER OF FRANCHISOR. NO FIELD REPRESENTATIVE OR OTHER PERSON IS AUTHORIZED TO EXECUTE THIS AGREEMENT FOR FRANCHISOR.

FRANCHISOR:
FUSA FRANCHISOR SPV LLC,
a Delaware limited liability company

By: _____

Printed Name: _____

Title: _____

Date: _____

FRANCHISEE:
If Franchisee is an individual:

Signature: _____

Printed Name: _____

Date: _____

Signature: _____

Printed Name: _____

Date: _____

If Franchisee is a corporation or other entity:

_____
Legal Name of Franchisee Entity

a _____ (Jurisdiction of Formation) Corporation, LLC or Partnership

By:
_____

Printed Name:
_____

Title:
_____

Date:
_____

FIX AUTO
EXHIBIT 1.1A

APPROVED PREMISES, PRE-EXISTING BUSINESSES, DESIGN AND APPEARANCE, AND QUARTERLY BASE VOLUME

Approved Premises

The address and location of the "Approved Premises" are set forth on the first page of the Franchise Agreement dated _____.

Pre-existing Businesses

Franchisee currently operates the following businesses at or near the Approved Premises. The operation of other businesses at or near the Approved Premises would normally violate the terms of the Franchise Agreement. However, Franchisor hereby consents to the operation of these businesses (but no others) from the Approved Premises:

Name of Business Relationship to Franchisee Nature of Business

_____

_____

_____

Franchisee represents and warrants that any and all existing franchise agreements, stockholder agreements, partnership agreements, option agreements or any other third party rights relating to the Pre-existing Business, do not contain any covenants, terms and conditions which do now, or may in the future, prohibit the execution of the Franchise Agreement and the participation of any of the owners, managers or employees of Franchisee in the Franchised Business and other than the consents of Franchisee and Franchisor there is no other third party consent required for the acquisition of the franchise to be legally binding and effective, and there are no existing restrictive covenants, other than those which the Pre-existing Business has waived, binding on Franchisee or any of its partners, owners, agents representatives or employees that would be breached by the acquisition and operation of the Franchised Business.

Quarterly Base Volume

The Quarterly Base Volume for the Franchised Business is: _____.

Design and Appearance of Premises

Franchisor and Franchisee mutually agree that the following construction and improvements, described generally, are to be made to the Approved Premises in the timeframe described herein, in order to conform the Approved Premises to the Fix Auto Design and Appearance Standards:

Exterior: _____

_____

_____

Interior: _____

_____

_____

Franchisee agrees that non-structural, cosmetic changes which do not require a permit shall be made within thirty (30) days of execution of this Agreement, or within thirty (30) days of identification of the required change. For changes which require permits (e.g., exterior signage or construction), Franchisee shall use its best efforts to work diligently to obtain bids, specifications and permits for the required change, which, at any rate, must be made no later than six (6) months after execution of this Agreement, unless performance is excused by Franchisor in its discretion.

Detailed specifications and blueprints may be provided separately or at a later date. Rough drawings of the Approved Premises identifying areas for refresh, repair or change may be attached, dated, initialed by the parties and incorporated into this Exhibit 1.1A.

FRANCHISOR:
FUSA FRANCHISOR SPV LLC,
a Delaware limited liability company

By: _____

Printed Name: _____

Title: _____

Date: _____

FRANCHISEE:
If Franchisee is an individual:

Signature: _____

Printed Name: _____

Date: _____

Signature: _____

Printed Name: _____

Date: _____

If Franchisee is a corporation or other entity:

_____

Legal Name of Franchisee Entity

a _____ (Jurisdiction of Formation) Corporation, LLC or Partnership

By:

_____

Printed Name:

_____

Title:

_____

Date:

_____

FIX AUTO
EXHIBIT 2.3

LIST OF PREFERRED SUPPLIERS

- 3M
- Axalta Coating Systems
- PPG Industries
- Enterprise Rent A Car
- Sherwin-Williams

FIX AUTO
EXHIBIT 2.13(A)

ELECTRONIC FUNDS TRANSFER AGREEMENT

THIS ELECTRONIC FUNDS TRANSFER AGREEMENT (this "**Addendum**") is made on this ___ day of _____ 20__, by and between FUSA Franchisor SPV LLC ("**Franchisor**") and _____, or his assignee, if a partnership, corporation or limited liability company is later formed (collectively, "**Franchisee**").

WHEREAS, Franchisor and Franchisee are parties to a FIX AUTO Shop Franchise Agreement executed on even date herewith (the "**Franchise Agreement**") and desire to enter into this Addendum to the Franchise Agreement.

NOW, THEREFORE, in consideration of the mutual promises contained herein and as an inducement to Franchisor to execute the Franchise Agreement, the parties agree as follows:

A. Franchisee shall pay any and all fees and other charges in connection with this Addendum and the Franchise Agreement (including, without limitation, the Base Fee, the Growth Fee, the Advertising Fee, the Central Review Fee, and any applicable late fees and interest charges) by electronic, computer, wire, automated transfer, ACH debiting, and bank clearing services (collectively, "**electronic funds transfers**" or "**EFT**"), and Franchisee shall undertake all action necessary to accomplish such transfers.

B. Upon execution and delivery of this Addendum, Franchisee shall execute and deliver two (2) originals of the "Electronic Debit Authorization" attached as Exhibit 2.13(B) to the Franchise Agreement, which authorizes Franchisee's bank or other financial institution to accept debit originations, electronic debit entries, or other EFT, and electronically deposit fees and contributions owing Franchisor directly to Franchisor's bank account(s). Upon Franchisor's request, Franchisee shall deliver to Franchisor all additional information that Franchisor deems necessary (including, without limitation, financial institution of origin and relevant accounts and ABA/transit numbers for any new bank accounts that Franchisee opens after the date of this Addendum) in connection with such EFT.

C. By executing this Addendum, Franchisee authorizes Franchisor to withdraw funds at such days and times as Franchisor shall determine via EFT from Franchisee's bank account for all fees and other charges in connection with the Franchise Agreement and this Addendum, as described in the first sentence of this Paragraph. Franchisee authorizes monthly ACH debits via EFT based on an amount equal to the Monthly Invoice (as that term is defined in Section 2.13 of the Franchise Agreement).

D. If Franchisor has not received by 5:00 P.M., on the 22nd day of each calendar month, an amount equal to the amount due on the Month Invoice, then Franchisor shall be entitled to withdraw by EFT from Franchisee's bank account(s) the total amount due.

E. Franchisee is responsible for paying all service charges and other fees imposed or otherwise resulting from action by Franchisee's bank in connection with EFT by Franchisor, including, without limitation, any and all service charges and other fees arising in connection with any EFT by Franchisor not being honored or processed by Franchisee's bank for any reason and a Fifty Dollar ($50) charge by Franchisor for processing the EFT. Upon written notice by Franchisor to Franchisee, Franchisee may be required to pay any amount(s) due under the Franchise Agreement and/or this Addendum directly to Franchisor by check or other non-electronic means in lieu of EFT at Franchisor's discretion. It shall be a non-curable event of default under Section 14 of the Franchise Agreement if Franchisee closes any bank account without completing all of the following forthwith after such closing: (1) immediately notifying

Franchisor thereof in writing, (2) immediately establishing another bank account, and (3) executing and delivering to Franchisor all documents necessary for Franchisor to begin and continue making withdrawals from such bank account by EFT as this Addendum permits.

F. Except as specifically set forth in this Addendum, the Franchise Agreement shall remain in full force and effect in accordance with its terms and conditions. This Addendum is attached to and upon execution becomes an integral part of the Franchise Agreement.

G. WHEREFORE, the parties have set forth their hand and seal on the day and date first above written.

FRANCHISOR: FUSA Franchisor SPV LLC

By: _____

Printed Name: _____

Title: _____

FRANCHISEE: _____

By: _____

Printed Name: _____

Title: _____

By: _____

Printed Name: _____

Title: _____

FIX AUTO
EXHIBIT 2.13(B)

ELECTRONIC DEBIT AUTHORIZATION FORM

FRANCHISOR: FUSA FRANCHISOR SPV LLC

FRANCHISOR ID NUMBER: _____

The undersigned hereby authorizes FUSA Franchisor SPV LLC (the "**Franchisor**"), to initiate debit entries to the undersigned's checking account indicated below and the depository named below (the "**Depository**"), to debit the same to such account.

Depository Name: _____
Branch: _____
City State and Zip Code: _____
_____
Transit/ABA No.: _____
Account Number: _____

This authority is to remain in full force and effect until the underlying obligations under the Franchise Agreement have been satisfied in full or released in writing by Franchisor.

This authorization further confirms my understanding of Exhibit 2.13(A) to the Franchise Agreement signed by me/us in which I/we expressly agree that this authorization shall apply to any and all Depositories and bank accounts with which I/we open accounts during the term of the Franchise Agreement and any renewals. Without limiting the generality of the forgoing, I/we understand that if I/we close any bank account, I/we are obligated immediately to: (i) notify Franchisor thereof in writing, (ii) establish another bank account, and (iii) execute and deliver to Franchisor all documents necessary for Franchisor to begin and continue making withdrawals from such bank account/depository by ACH debiting or other electronic means. I/we specifically agree and declare that this Authorization shall be the only written authorization needed from me/us in order to initiate debit entries/ACH debit originations to my/our bank account(s) established with any Depository in the future.

DATE: _____

ID NUMBER: _____

PRINT NAME(S): SIGNATURE(S):

_____ _____

_____ _____

FIX AUTO
EXHIBIT 4.10

GUARANTY, INDEMNIFICATION AND ACKNOWLEDGMENT

For value received, and in consideration for, and as an inducement to FUSA Franchisor SPV LLC ("**Franchisor**") to execute the FIX AUTO Franchise Agreement (the "**Franchise Agreement**"), of even date herewith, by and between Franchisor and _____, or his assignee, if a partnership, corporation or limited liability company is later formed (collectively, "**Franchisee**"), _____ ("**Guarantor**"), jointly and severally, hereby unconditionally guarantee to Franchisor and its successors and assigns the full and timely performance by Franchisee of each obligation undertaken by Franchisee under the terms of the Franchise Agreement, including all of Franchisee's monetary obligations arising under or by virtue of the Franchise Agreement.

Upon demand by Franchisor, Guarantor(s) will immediately make each payment required of Franchisee under the Franchise Agreement. Guarantor(s) hereby waives any right to require Franchisor to: (a) proceed against Franchisee for any payment required under the Franchise Agreement; (b) proceed against or exhaust any security from Franchisee; or (c) pursue or exhaust any remedy, including any legal or equitable relief, against Franchisee. Without affecting the obligations of Guarantor(s) under this Guaranty, Indemnification and Acknowledgment, Franchisor may, without notice to Guarantor(s), extend, modify, or release any indebtedness or obligation of Franchisee, or settle, adjust or compromise any claims against Franchisee.

Guarantor(s) waives notice of amendment of the Franchise Agreement and notice of demand for payment by Franchisee and agrees to be bound by any and all such amendments and changes to the Franchise Agreement.

Guarantor(s) hereby agrees to defend, indemnify and hold Franchisor harmless against any and all losses, damages, liabilities, costs, and expenses (including, without limitation, reasonable attorneys' fees, reasonable costs of investigations, court costs, arbitration fees and expenses, and interest on such fees, costs and expenses) resulting from, consisting of, or arising out of or in connection with any failure by Franchisee to perform any obligation of Franchisee under the Franchise Agreement, any amendment, or any other agreement executed by Franchisee referred to therein.

Guarantor(s) hereby acknowledges and agrees to be individually bound by all covenants contained in the Franchise Agreement and all terms and conditions of the Franchise Agreement requiring Franchisee not to disclose confidential information.

This Guaranty shall terminate upon the expiration or termination of the Franchise Agreement, except that all obligations and liabilities of Guarantor(s) that arise from events that occurred on or before the effective date of such termination shall remain in full force and effect until satisfied or discharged by Guarantor(s), and all covenants that by their terms continue in force after termination or expiration of the Franchise Agreement shall remain in force according to their terms. Upon the death of an individual Guarantor, the estate of such Guarantor will be bound by this Guaranty, but only for defaults and obligations existing at the time of death, and the obligations of the other Guarantor(s) will continue in full force and effect.

The validity of this Guaranty and the obligations of Guarantor(s) hereunder shall in no way be terminated, restricted, diminished, affected or impaired by reason of any action that Franchisor might take or be forced to take against Franchisee, or by reason of any waiver or failure to enforce any of the rights or remedies reserved to Franchisor in the Franchise Agreement or otherwise.

The use of the singular herein shall include the plural. Each term used in this Guaranty, unless otherwise defined herein, shall have the same meaning as when used in the Franchise Agreement.

This Guaranty is to be performed in Charlotte, North Carolina, and shall be governed by and construed in accordance with the laws of the State of North Carolina. Guarantor(s) specifically agrees that the state and federal courts situated in Charlotte, North Carolina, shall have exclusive jurisdiction over Guarantor(s) and this Guarantee, and further agrees that any action relating to this Guarantee may be brought solely in such courts. In connection therewith, each of the undersigned hereby appoints the Secretary of State for the State of North Carolina as his agent for service of process to receive summons issued by the court in connection with any such litigation. Notwithstanding the foregoing, Franchisor and Guarantor(s) agree that any dispute under this Guaranty shall be resolved by arbitration pursuant to Section 15 of the Franchise Agreement (except as otherwise provided in Section 15 of the Franchise Agreement).

IN WITNESS WHEREOF, each of the undersigned has signed this Guaranty as of the date of the Franchise Agreement.

GUARANTOR	**GUARANTOR**
By: _____	By: _____
Print Name: _____	Print Name: _____
SS #: _____	SS #: _____
DOB: _____	DOB: _____
Driver's License No. _____	Driver's License No: _____

FIX AUTO
EXHIBIT 6.1

FIX AUTO CLAIMS SOLUTIONS ("FCS") AGREEMENT

This FCS Agreement (this "**Agreement**") is entered into on this __ day of _____, 20___ (the "**Effective Date**"), by and between FUSA Franchisor SPV LLC, a Delaware limited liability company ("**FIX AUTO**") and _____ (the "**SHOP**" or "**SHOPS**"), located at _____ (hereinafter, collectively referred to as the "**SHOP**"). The primary contact name and phone number for the SHOP is_____.

WHEREAS, FIX AUTO has entered into a business relationship known as the FCS Multi-Shop Operator ("**MSO**") Program with a certain insurance carrier ("**CARRIER**") to provide high quality, consistent collision repairs to CARRIER's insured and claimants.

WHEREAS, CARRIER is well regarded for their superior customer service and remains committed to working with only those partners who share their vision for delivering a best in class customer experience.

WHEREAS, CARRIER has selected FIX AUTO to serve as a single point of contact to administer and manage the execution of vehicle repairs through FIX AUTO USA MEMBER SHOPS ("**MEMBER SHOPS**"). A master agreement has been executed by CARRIER and FIX AUTO to officiate this relationship.

WHEREAS, FIX AUTO and CARRIER will select a group of MEMBER SHOPS, who qualify to perform CARRIER's requested vehicle repairs ("**Assignments**"), and who agree to undertake the responsibilities outlined in this Agreement.

NOW, THEREFORE, the parties agree to the following conditions:

1. This Agreement is in addition to the CARRIER'S direct repair program ("**DRP**").

2. The SHOP will identify a manager (the "**Manager**") and a designated estimator (the "**Estimator**") to manage and administer CARRIER's DRP and the FCS MSO PROGRAM.

3. FIX AUTO will be the single point of contact between CARRIER and the SHOP, and has the authority to review CARRIER Assignments, claims and work quality performed by the SHOP under this Agreement.

4. The SHOP understands and acknowledges that FIX AUTO will help to mediate any customer complaint that rises above the SHOP level.

5. The SHOP must use FIX AUTO's Outbound Assignment Scheduling Program for all CARRIER Assignments.

6. The Manager and Estimator for the CARRIER account must complete the FIX AUTO Carrier Online Training Module (if available) and pass the test within 30 days of the Effective Date of this Agreement. The SHOP agrees to have any new staff assigned to the CARRIER account trained and tested within 30 days of Assignment.

7. The Manager and Estimator for the CARRIER account agree to participate in all conference calls and on-site meetings with Fix Auto personnel, which may be called from time to time for the purposes of discussing performance issues, program enhancements, training or other program related matters.

8. The SHOP agrees to have its Performance KPI Data on CARRIER claims shared with CARRIER and other MEMBER SHOPS participating in this Agreement.

9. The SHOP must maintain a minimum performance requirement, which varies by carrier.

a. Failure to meet the minimum performance requirement may result in suspension or removal from the FCS MSO Program. Service Level Objectives ("**SLOS**") vary by carrier.

b. FIX AUTO and/or CARRIER may change the minimum performance requirement at any time with or without notice. The SHOP's ability to meet the minimum performance requirement should not be considered a guarantee from FIX AUTO or CARRIER to remain in the FCS MSO Program, as other factors will be measured and may impact the SHOP's participation under this Agreement.

10. This Agreement remains in effect for the duration of the FCS MSO Program unless the SHOP is removed from the FCS MSO Program for any reason whatsoever. This Agreement may be cancelled by FIX AUTO or the SHOP with a 30-day written notice to the other parties to this Agreement; however, cancelation of this Agreement may result in the SHOP being removed from the CARRIER's DRP. CARRIER has the right to terminate its relationship with the SHOP with or without cause at any time.

11. Upon termination of that certain franchise agreement dated _____, by and between FIX AUTO and the SHOP (the "**Franchise Agreement**"), FIX AUTO will notify CARRIER that the SHOP is no longer a MEMBER SHOP and, therefore, is no longer qualified to perform work for CARRIER under the terms of this Agreement. The SHOP understands and acknowledges that notification by FIX AUTO to CARRIER of the termination of the Franchise Agreement may result in the removal of the SHOP from the CARRIER's program.

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement in counterparts on the day and year first above written.

FIX AUTO	SHOP
FUSA Franchisor SPV LLC, a Delaware limited liability company	_____, a _____
By: _____	By: _____
Printed Name: _____	Printed Name: _____
Title: _____	Title: _____

FIX AUTO
EXHIBIT 12.5

ITEMS FRANCHISEE IS REQUIRED TO PROVIDE TO TRIGGER FRANCHISOR OPTION PERIOD AND/OR FRANCHISOR EVALUATION PERIOD PURSUANT TO SECTION 12.5 OF THE FRANCHISE AGREEMENT

Franchisee expressly acknowledges that the Franchisor Option Period or Franchisor Evaluation Period (as applicable) shall not begin until Franchisee provides Franchisor all of the following materials:

1. An exact duplicate of the actual signed letter of intent between Franchisee and the third-party purchaser that includes:

    a. The assets being purchased;

    b. The purchase price; and

    c. All other material terms (including, but not limited to, a detailed listing of any hold back amounts).

2. Profit and loss statements for the current fiscal year, and the two (2) fiscal years preceding the current fiscal year.

3. Franchisee's tax returns for the two (2) years preceding the current year.

4. A roster of all employees identifying the names, pay rates and job titles.

5. A list of key management employees with names and titles.

6. A list of all real estate details, including:

    a. Square footage;

    b. Whether the property is rented or owned;

    c. Copies of any leases; and

    d. Landlord contact information.

7. Annual payroll details for the current fiscal year, and the two (2) fiscal years preceding the current fiscal year.

8. Copies of shop certifications.

9. Detailed equipment list.

10. Copies of any key vendor contracts (i.e., paint contracts).

EXHIBIT C
TO FRANCHISE DISCLOSURE DOCUMENT

FINANCIAL STATEMENTS

DRIVEN SYSTEMS LLC

Consolidated Financial Statements and Report of
Independent Certified Public Accountants

Driven Systems LLC and Subsidiaries

For the years ended
December 25, 2021 and December 26, 2020

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Driven Systems LLC

Opinion

We have audited the consolidated financial statements of Driven Systems LLC (a Delaware single member limited liability company) and subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 25, 2021 and December 26, 2020, and the related consolidated statements of income, members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 25, 2021 and December 26, 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion

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

Responsibilities of management for the financial statements

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

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

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

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

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

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

Grant Thornton LLP

Charlotte, North Carolina
May 23, 2022

DRIVEN SYSTEMS LLC AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(in thousands)	December 25, 2021	December 26, 2020
Assets		
Current assets:		
Cash and cash equivalents	$ 1,000	$ 1,000
Accounts and notes receivable, net	9,743	8,651
Total current assets	10,743	9,651
Notes receivable, net	91	408
Intangible assets, net	500,695	509,620
Goodwill	19,390	19,390
Total assets	$ 530,919	$ 539,069
Liabilities and members' equity		
Current liabilities:		
Deferred franchise revenue	$ 21,713	$ 15,505
Total liabilities	21,713	15,505
Members' equity	509,206	523,564
Total members' equity	509,206	523,564
Total liabilities and members' equity	$ 530,919	$ 539,069

The accompanying notes are an integral part of these consolidated financial statements.

DRIVEN SYSTEMS LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

(in thousands)	For the years ended December 25, 2021	For the years ended December 26, 2020
Revenue:		
Franchise fee revenue	$ 173,404	$ 134,239
Other revenue	35,360	23,276
Total revenue	208,764	157,515
Costs and expenses:		
Operating expenses	66,909	62,024
Amortization	8,925	9,206
Total costs and expenses	75,834	71,230
Net income	$ 132,930	$ 86,285

The accompanying notes are an integral part of these consolidated financial statements.

DRIVEN SYSTEMS LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF MEMBERS' EQUITY

in thousands		
Balance as of December 28, 2019	$	502,723
Net income		86,285
FUSA contribution		34,317
Deemed distribution to Parent		(99,761)
Balance as of December 26, 2020	$	523,564
Net income		132,930
Deemed distribution to Parent		(147,288)
Balance as of December 25, 2021	$	509,206

The accompanying notes are an integral part of these consolidated financial statements.

DRIVEN SYSTEMS LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)	For the years ended December 25, 2021	For the years ended December 26, 2020
Net income	$ 132,930	$ 86,285
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization	8,925	9,206
Asset impairment	—	1,800
Changes in assets and liabilities:		
Accounts and notes receivable, net	(775)	(1,244)
Deferred franchise revenue	6,208	3,714
Cash provided by operating activities	147,288	99,761
Cash flows from financing activities:		
Deemed distribution to parent	(147,288)	(99,761)
Cash used in financing activities	(147,288)	(99,761)
Net change in cash	—	—
Cash, beginning of period	1,000	1,000
Cash, end of period	$ 1,000	$ 1,000
Supplemental cash flow disclosures - non-cash items:		
FUSA contribution	$ —	$ 34,317

The accompanying notes are an integral part of these consolidated financial statements.

Note 1—Description of Business

Description of Business

Driven Systems LLC (the "Company") is a single member limited liability company organized in the state of Delaware on June 9, 2015. The Company, together with its subsidiaries, are referred to herein as the "Securitization Entities:" The other Securitization Entities include Meineke Franchisor SPV LLC, Maaco Franchisor SPV LLC, Econo Lube Franchisor SPV LLC, Take 5 Franchisor SPV LLC, Drive N Style Franchisor SPV LLC, Merlin Franchisor SPV LLC, 1-800 Radiator Franchisor SPV LLC, CARSTAR Franchisor SPV LLC, FUSA Franchisor SPV LLC and ABRA Franchisor SPV LLC. The Company is a direct, wholly-owned subsidiary of Driven Brands Funding, LLC, ("Driven Funding") which is a direct, wholly-owned subsidiary of Driven Funding Holdco, LLC ("Driven Holdco"), which is a direct, wholly-owned subsidiary of Driven Brands, Inc. (the "Parent"), which is a direct, wholly-owned subsidiary of Driven Holdings, LLC ("Driven Holdings"), which is a direct, wholly-owned subsidiary of Driven Brands Holdings Inc.(the "Ultimate Parent").

As of December 25, 2021, the Parent and its subsidiaries comprised the worldwide operations of Meineke Car Care Centers ("Meineke"), Maaco Collision Repair and Auto Painting ("Maaco"), Merlin's 200,000 Miles shops ("Merlin's"), Pro Oil Change ("Pro Oil"), Take 5 Oil Change ("Take 5"), Econo-Lube N' Tune ("Econo Lube"), 1-800-Radiator & A/C ("Radiator"), Spire Supply, Drive N Style, CARSTAR auto body repair experts ("CARSTAR"), Fix Auto USA ("FUSA") and ABRA Auto Body Repair of America ("ABRA"), (collectively, the "Driven Franchise Brands"). The Driven Franchise Brands develop, operate, franchise and license their individual business systems to provide retail and business-to-business automotive services. Driven Brands, Inc. is also comprised of Automotive Training Institute ("ATI") and Clairus Group ("Clairus"), which are not contributed to the Securitization Entities. ATI provides automotive business training services to assist shop owners with efficiencies and profitability, and Clairus is a provider of on-demand auto glass, calibration services, and auto appearance services. As of December 25, 2021, the Parent and its subsidiaries encompass 3,354 units worldwide, with 79% located within the United States and the remainder located in Canada. Approximately 83% of the units are franchised.

Meineke, Merlin's, Pro Oil, and Econo Lube each provide automotive repair and maintenance services through retail locations. Maaco, CARSTAR, FUSA and ABRA provide auto body repairs and painting services through retail locations. Drive N Style provides automotive appearance services to customers through mobile vans. Radiator provides certain automotive parts to automotive repair stores, automotive parts stores, body shops and service stations. Take 5 is an operator of oil change centers, offering rapid oil changes and light maintenance services within the United States and Canada.

On July 31, 2015, the Parent contributed to the Securitization Entities, through Driven Holdco, Driven Funding, and the Company, substantially all of its U.S. and Canadian intellectual property, trademarks/tradenames, franchise agreements, development agreements, and all rights to develop and expand the Driven Franchise Brands excluding Radiator, CARSTAR, Take 5, and ABRA (collectively, the "Securitization IP") along with certain franchisee notes receivable, collectively the "Managed Assets". The Parent, certain non-securitization Canadian subsidiaries, and the Securitization Entities entered into the Driven Brands License Agreement, Econo Lube License Agreement, Pro Oil Canadian Franchisor License Agreement, Meineke Canadian Franchisor License Agreement and Maaco Canadian Franchisor License Agreement (collectively, the "License Agreements") pursuant to which the Securitization Entities, collectively, granted to Parent (i) a non-exclusive license to use and sublicense to non-Securitization Entities the Securitization IP in connection with owning and operating the company-owned store locations and (ii) an exclusive license to use and sublicense the Securitization IP in connection with other products and services for a royalty varying by brand and licensed use.

On April 24, 2018, the Parent contributed to Take 5 Franchisor SPV LLC, CARSTAR Franchisor SPV LLC, and 1-800 Radiator Franchisor SPV LLC through Driven Holdco, Driven Funding, and the Company, substantially all of its U.S. and Canadian intellectual property, trademarks/tradenames, franchise agreements, development agreements, and all rights to develop and expand the franchise brands (collectively, the "Take 5, CARSTAR and Radiator Securitization IPs") along with 1-800 Radiator franchisee note receivables (collectively the "Radiator Managed Assets"). Take 5 Franchisor SPV LLC was established on April 24, 2018 and the Parent contributed intangible assets at a value of $31 million. The Parent, certain non-securitization subsidiaries, Take 5 Franchisor SPV LLC, CARSTAR Franchisor SPV LLC, and 1-800 Radiator Franchisor SPV LLC entered into the 2018 Amended and Restated Master License Agreement whereby Take 5 Franchisor SPV LLC, CARSTAR Franchisor SPV LLC, and 1-800 Radiator Franchisor SPV granted to Parent (i) a non-exclusive license to use and sublicense to Non-Securitization Entities the Take 5, CARSTAR and Radiator Securitization IPs in connection with an (i) an exclusive license to use and sublicense the Take 5, CARSTAR and Radiator Securitization IPs in connection with other products and services for a royalty varying by brand and licensed use.

On October 4, 2019, the Parent contributed to ABRA Franchisor SPV LLC, through the Company and Driven Brands Funding, LLC, substantially all of its U.S. intellectual property, trademarks/tradenames, franchise agreements, and all rights to develop and expand the ABRA franchise brand (collectively, the "ABRA Securitization IP") at a value of approximately $38 million. The Parent, certain non-securitization subsidiaries, and ABRA Franchisor SPV LLC entered into the 2019 Amended and Restated Master License Agreement whereby ABRA Franchisor SPV LLC granted to Parent an exclusive license to use and sublicense the ABRA Securitization IP in connection with other products and services for a royalty varying by brand and licensed use.

On July 6, 2020, the Parent contributed to FUSA Franchisor SPV LLC, through the Company and Driven Brands Funding, LLC, substantially all of its U.S. intellectual property, trademarks/tradenames, franchise agreements, and all rights to develop and expand the Fix Auto franchise brand (collectively, the "FUSA Securitization IP") at a value of approximately $34 million. The Parent, certain non-securitization subsidiaries, and FUSA Franchisor SPV LLC entered into the 2020 Mondofix License Assignment Agreement whereby FUSA Franchisor SPV LLC was granted an exclusive license to use and sublicense the FUSA Securitization IP in connection with other products and services for a royalty varying by brand and licensed use.

The contributions of the Take 5 Securitization IP, CARSTAR Securitization IP, FUSA Securitization IP, Radiator Securitization IPs, Radiator Managed Assets, ABRA Securitization IP, cash, and franchisee notes receivable are between entities under common control and are recorded at book value. No gain or loss has been realized on the transactions.

The Securitization Entities entered into a Management Agreement dated April 24, 2018, amended on October 4, 2019 and July 6, 2020 ("the Management Agreement"), which obligates the Parent (the "Manager") to manage and service the Managed Assets, Take 5 Securitization IP, CARSTAR Securitization IP, Radiator Securitization IPs, FUSA Securitization IP, and ABRA Securitization IP as defined in the Management Agreement. The primary responsibilities of the Manager under the Management Agreement include administering collections and otherwise managing the Managed Assets, Take 5 Securitization IP, CARSTAR Securitization IP, Radiator Securitization IPs, FUSA Securitization IP, and ABRA Securitization IP on behalf of the Securitization Entities, and to perform certain franchising, marketing, intellectual property and operation and reporting services on behalf of the Securitization Entities with respect to the Managed Assets. In performing its obligations under the Management Agreement, the Manager acts solely as an independent contractor of the Securitization Entities, except to the extent the Manager is deemed to be an agent of the Securitization Entities by virtue of engaging in franchise sales activities or receiving payments on behalf of the Securitization Entities. In exchange for providing such services, the Manager is entitled to receive certain management fees on a weekly basis.

Note 2—Summary of Significant Accounting Policies

Fiscal Year

The Company operates and reports financial information on a 52- or 53-week year with the fiscal year ending on the last Saturday in December. Fiscal years 2021 and 2020 reflect the results of operations for the 52-week periods ended December 25, 2021 and December 26, 2020, respectively.

Basis of Presentation

The consolidated financial statements include the accounts of the Securitization Entities. Intercompany accounts and transactions have been eliminated in consolidation. The preparation of financial statements in conformity with generally accepted accounting principles in the United States ("GAAP") requires the Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities, if any, at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates are made in the valuation of notes receivable, intangible assets and goodwill, as well as impairment of intangible assets and goodwill. On an ongoing basis, the Company evaluates its estimates based on historical experience, current conditions and various other assumptions that are believed to be reasonable under the circumstances. The Company adjusts such estimates and assumptions when facts and circumstances dictate. Actual results could differ from those estimates.

Summary of Significant Accounting Policies

Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposits and short-term, highly liquid investments with original maturities of three months or less. The Company maintains cash balances in non-interest bearing transaction accounts with various financial institutions, which are insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250 thousand. Although the Company maintains balances that exceed the federally insured limit, we have not experienced any losses related to this balance, and the Company believes credit risk to be minimal.

Accounts and Notes Receivable

The Company's accounts receivable consists principally of amounts due related to product sales, supply sales, and franchise fees. These receivables are generally due within 30 days of the period in which the corresponding sales occur and are classified as Accounts and notes receivable, net on the consolidated balance sheets. Accounts receivable are reported at their estimated net realizable value.

Notes receivable are primarily from franchisees and relate to financing arrangements for certain past due balances. The notes are typically collateralized by the assets of the franchisee shop with interest rates up to 12%, depending on the level of credit risk and payment terms. Interest income recognized on these notes is included in revenue on the accompanying consolidated statements of income. The Company places notes receivable on a non-accrual status based on management's determination if it is probable that the principal balance is not expected to be repaid per the contractual terms. When the Company places a note on non-accrual status, interest or fee income ceases to be recognized. Notes receivable are reported at their estimated net realizable value.

The Company provides an allowance for doubtful accounts equal to the estimated uncollectible amounts of accounts and notes receivable. The Company adopted ASU 2016-13, Financial Instruments - Credit Losses, on December 25, 2021, which was retroactively applied as of the first day of fiscal year 2020. This new accounting standard requires companies to measure expected credit losses on financial instruments based on the total estimated amount to be collected over the lifetime of the instrument. Prior to the adoption of this accounting standard, the Company recorded incurred loss reserves against receivable balances based on current and historical information. Receivables are written-off based on individual credit evaluation and specific circumstances of the franchisee and customer. Management has established an allowance for doubtful accounts of $4 million and $5 million at December 25, 2021 and December 26, 2020, respectively.

Goodwill and Intangible Assets

Goodwill is recorded when the aggregate purchase price of an acquisition exceeds the estimated fair value of the net identified tangible and intangible assets acquired. Intangible assets resulting from an acquisition are accounted for using the purchase method of accounting and are estimated by management based on the fair value of the assets acquired. The Company's identifiable intangible assets are comprised primarily of trademarks, franchise agreements, license agreement and software. Identifiable intangible assets with finite lives (franchise agreements, license agreements and software) are amortized over the period of estimated benefit using the straight-line method. Goodwill and intangible assets considered to have an indefinite life (trade names) are not subject to amortization. The determination of indefinite life is subject to reassessment if changes in facts and circumstances indicate the period of benefit has become finite.

Goodwill and indefinite-lived intangible assets are assessed annually for impairment as of the first day of the fiscal fourth quarter, or more frequently if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit or the fair value of an indefinite-lived intangible asset below its carrying value. The Company believes no impairment existed for the years ended December 25, 2021 and December 26, 2020.

Fair Value of Financial Instruments

Fair value measurements enable the reader of the financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values. The Company classifies and discloses assets and liabilities carried at fair value in one of the following three categories.

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date,

Level 2: Inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; or

Level 3: Inputs are unobservable inputs for the asset or liability. Unobservable inputs are used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.

The carrying value and estimated fair value of the Company’s financial instruments were as follows:

	December 25, 2021		December 26, 2020	
(in thousands)	Carrying value	Estimated fair value	Carrying value	Estimated fair value
Cash	$ 1,000	$ 1,000	$ 1,000	$ 1,000
Accounts and notes receivable, net	9,834	9,834	9,059	9,059

Revenue Recognition

In accordance with the Management Agreement, 2016 Amended and Restated Master License Agreement, 2018 Amended and Restated Master License Agreement and License Agreements, and the 2019 Amended and Restated Master License Agreement and License Agreements, revenue is recognized for amounts received or due to the Company for the use of the Company's intellectual property. Franchise revenue is comprised of royalties generated from franchisee fees as well as the Parent's company owned stores. Franchise fee royalty revenue is based on the fee agreements defined in the subsidiaries' franchise agreements. Royalties generated from the Parent's company owned stores are based on the fee agreements defined in the Management Agreement, Amended and Restated Master License Agreement, and any applicable sub-license agreements. Canadian royalty revenue is based on agreed upon fees defined in the Pro Oil Canadian Franchisor License Agreement, Meineke Canadian Franchisor License Agreement, 1-800 Radiator Canadian Franchisor License Agreement, and Maaco Canadian Franchisor License Agreement. Product distribution margin revenue is based on paint and supply products delivered to franchisees. Advertising fee royalty revenue is based on the fee arrangements set forth in the subsidiaries' franchise agreements and is recognized net of advertising expenditures. Initial franchise fees are recognized on a straight-line basis over the life of the franchise agreement as the performance obligation is satisfied.

Income Taxes

The Company is a limited liability company treated as a partnership for federal and state income tax purposes with all income tax liabilities and/or benefits of the Company being passed through to the member. As such, no recognition of federal or state income taxes for the Company or its subsidiaries that are organized as limited liability companies have been provided for in the accompanying consolidated financial statements. Any uncertain tax position taken by the member is not an uncertain position of the Company.

As it pertains to the Company and the impact on the Ultimate Parent, the Company follows applicable authoritative guidance with respect to the accounting for uncertainty in income taxes recognized in the Company's consolidated financial statements. It prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken, or expected to be taken, in a tax return. The Company records any interest and penalties associated as additional income tax expense in the consolidated statements of income. Based on management analysis, the Company does not believe any unrecognized tax benefits significantly changed in the current period. Furthermore, the Company does not believe any remaining unrecognized tax benefits will significantly change in the next fiscal year.

Recently Adopted Accounting Standards

In February 2016, the FASB issued ASU 2016-13, Financial Instruments - Credit Losses, which requires entities to estimate all expected credit losses for financial assets measured at amortized cost basis, including trade receivables, held at the reporting date based on historical experience, current conditions and reasonable and supportable forecasts. The Company adopted this guidance using the modified retrospective adoption method as of the first day of fiscal year 2020, which did not have a material impact of the Company's financial statements.

Recently Issued Accounting Standards

We reviewed all other recently issued accounting pronouncements and concluded they were either not applicable or not expected to have a significant impact on the Company's consolidated financial statements.

Note 3 - Accounts and Notes Receivable, net

Accounts and notes receivable, net consisted of the following:

(in thousands)	December 25, 2021	December 26, 2020
Accounts receivable	$ 13,498	$ 13,190
Notes receivable	631	948
Total gross receivables	14,129	14,138
Less allowance for doubtful accounts	(4,295)	(5,079)
Less current portion of accounts and notes receivable	(9,743)	(8,651)
Notes receivable, long term	$ 91	$ 408

Note 4 - Intangible Assets

Changes in the carrying amount of goodwill for the years ended December 25, 2021 and December 26, 2020 are as follows:

(in thousands)	Total
Balance at December 28, 2019	—
FUSA contribution	19,390
Balance at December 26, 2020	$ 19,390
FUSA contribution	—
Balance at December 25, 2021	$ 19,390

Intangible assets consisted of the following:

(in thousands)	December 25, 2021		December 26, 2020	
	Gross carrying value	Accumulated amortization	Gross carrying value	Accumulated amortization
Definite-lived intangible assets				
Franchise Agreements	$ 198,874	$ 44,347	$ 198,874	$ 36,694
License Agreements	10,517	2,695	10,517	1,423
Software	12,400	12,400	12,400	12,400
	221,791	59,442	221,791	50,517
Indefinite-lived intangible assets				
Trademarks	338,346	—	338,346	—
Total intangible assets	$ 560,137	$ 59,442	$ 560,137	$ 50,517

Intangible assets with definite lives are being amortized on a straight-line basis over the estimated useful life of each asset. Intangible asset amortization expense was $9 million for both the years ended December 25, 2021 and December 26, 2020.

Amortization expense related to intangible assets for the next five fiscal years and thereafter is as follows:

(in thousands)		
2022	$	8,925
2023		8,925
2024		8,945
2025		8,925
2026		8,925
Thereafter		117,704
Total amortization	$	162,349

Note 5 - Related Party Transactions

Cash collections from revenue and cash disbursements for management fees, interest expense and other operating expenses are made at Driven Holdco. Because the revenue and expenses related to these cash flows are recorded on the consolidated financial statements of the Company, the Company has recorded deemed distributions to Driven Holdco of $147 million and $100 million for the years ended December 25, 2021 and December 26, 2020, respectively.

In exchange for providing management services, the Parent is entitled to receive certain management fees on a weekly basis. The Company's management fees to the Parent were $32 million and $26 million for each of the years ended December 25, 2021 and December 26, 2020, respectively. These fees are included in operating expenses on the consolidated statements of income.

Driven Brands Funding, LLC (the "Issuer") holds approximately $1.7 billion in debt in the form of five Senior Notes maturing on April 20, 2048, April 20, 2049, October 20, 2049, January 20, 2051 and October 20, 2051. The Senior Notes are secured by substantially all assets of the Issuer and guaranteed by Driven Holdco and subsidiaries of the Issuer. The interest expense allocated to the Company was $35 million and $36 million for years ended December 25, 2021 and December 26, 2020, respectively. These amounts are included in operating expenses on the consolidated statements of income.

Note 6 - Subsequent Events

The Company evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through May 23, 2022, the date the financial statements were available to be issued and determined that there were no such events requiring recognition or disclosure in the financial statements.

Consolidated Financial Statements and Report of
Independent Certified Public Accountants

Driven Systems LLC and Subsidiaries

For the years ended
December 26, 2020 and December 28, 2019

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Driven Systems LLC

We have audited the accompanying consolidated financial statements of Driven Systems LLC (a Delaware single member limited liability company) and subsidiaries, which comprise the consolidated balance sheets as of December 26, 2020 and December 28, 2019, and the related consolidated statements of income, member's equity, 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 consolidated 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 consolidated 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 consolidated 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 audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

Grant Thornton LLP is the U.S. member firm of Grant Thornton International Ltd (GTIL). GTIL and each of its member firms are separate legal entities and are not a worldwide partnership.

Grant Thornton

Opinion
In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Driven Systems LLC and subsidiaries as of December 26, 2020 and December 28, 2019, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Grant Thornton LLP

Charlotte, North Carolina
May 7, 2021

DRIVEN SYSTEMS LLC AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(in thousands)	December 26, 2020	December 28, 2019
Assets		
Current assets:		
Cash and cash equivalents	$ 1,000	$ 1,000
Accounts and notes receivable, net	8,651	7,466
Total current assets	9,651	8,466
Notes receivable, net	408	350
Intangible assets, net	509,620	505,698
Goodwill	19,390	—
Total assets	$ 539,069	$ 514,514
Liabilities and member's equity		
Current liabilities:		
Deferred franchise revenue	$ 15,505	$ 11,791
Total liabilities	15,505	11,791
Members' equity	523,564	502,723
Total member's equity	523,564	502,723
Total liabilities and member's equity	$ 539,069	$ 514,514

The accompanying notes are an integral part of these consolidated financial statements.

DRIVEN SYSTEMS LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

(in thousands)	For the years ended December 26, 2020	For the years ended December 28, 2019
Revenue:		
Franchise fee revenue	$ 134,239	$ 119,963
Other revenue	23,276	23,839
Total revenue	157,515	143,802
Costs and expenses:		
Operating expenses	62,024	60,736
Amortization	9,206	9,108
Total costs and expenses	71,230	69,844
Net income	$ 86,285	$ 73,958

The accompanying notes are an integral part of these consolidated financial statements.

DRIVEN SYSTEMS LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF MEMBER'S EQUITY

in thousands		
Balance as of December 29, 2018	$	479,289
Cumulative effect adjustment due to ASU 2014-09		(3,536)
Balance as of December 30, 2018		475,753
Net income		73,958
Other contributions		93
ABRA contribution		38,000
Deemed distribution to Parent		(85,081)
Balance as of December 28, 2019		502,723
Net income		86,285
FUSA contribution		34,317
Deemed distribution to Parent		(99,761)
Balance as of December 26, 2020	$	523,564

The accompanying notes are an integral part of these consolidated financial statements.

DRIVEN SYSTEMS LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)	For the years ended December 26, 2020	For the years ended December 28, 2019
Net income	$ 86,285	$ 73,958
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization	9,206	9,108
Asset impairment	1,800	—
Changes in assets and liabilities:		
Accounts and notes receivable, net	(1,244)	(488)
Deferred franchise revenue	3,714	2,503
Cash provided by operating activities	99,761	85,081
Cash flows from financing activities:		
Distributions to parent	(99,761)	(85,081)
Cash used in financing activities	(99,761)	(85,081)
Net change in cash	—	—
Cash, beginning of period	1,000	1,000
Cash, end of period	$ 1,000	$ 1,000
Supplemental cash flow disclosures - non-cash items:		
FUSA contribution	$ 34,317	$ —
Note and other contribution	—	93
Abra contribution	—	38,000

The accompanying notes are an integral part of these consolidated financial statements.

Note 1—Description of Business

Description of Business

Driven Systems LLC (the "Company") is a single member limited liability company organized in the state of Delaware on June 9, 2015. The Company, together with its subsidiaries, are referred to herein as the "Securitization Entities:" The other Securitization Entities include Meineke Franchisor SPV LLC, Maaco Franchisor SPV LLC, Econo Lube Franchisor SPV LLC, Take 5 Franchisor SPV LLC, Drive N Style Franchisor SPV LLC, Merlin Franchisor SPV LLC, 1-800 Radiator Franchisor SPV LLC, CARSTAR Franchisor SPV LLC, FUSA Franchisor SPV LLC and ABRA Franchisor SPV LLC. The Company is a direct, wholly-owned subsidiary of Driven Brands Funding, LLC, ("Driven Funding") which is a direct, wholly-owned subsidiary of Driven Funding Holdco, LLC ("Driven Holdco"), which is a direct, wholly-owned subsidiary of Driven Brands, Inc. (the "Parent"), which is a direct, wholly-owned subsidiary of Driven Holdings, LLC ("Driven Holdings"), which is a direct, wholly-owned subsidiary of Driven Brands Holdings Inc.(the "Ultimate Parent").

As of December 26, 2020, the Parent and its subsidiaries comprised the worldwide operations of Meineke Car Care Centers ("Meineke"), Maaco Collision Repair and Auto Painting ("Maaco"), Merlin's 200,000 Miles shops ("Merlin's"), Pro Oil Change ("Pro Oil"), Take 5 Oil Change ("Take 5"), Econo-Lube N' Tune ("Econo Lube"), 1-800-Radiator & A/C ("Radiator"), Spire Supply, Drive N Style, CARSTAR auto body repair experts ("CARSTAR"), Fix Auto USA ("FUSA") and ABRA Auto Body Repair of America ("ABRA"), (collectively, the "Driven Franchise Brands"). The Driven Franchise Brands develop, operate, franchise and license their individual business systems to provide retail and business-to-business automotive services. Driven Brands, Inc. is also comprised of Automotive Training Institute ("ATI") and Clairus Group ("Clairus"), which are not contributed to the Securitization Entities. ATI provides automotive business training services to assist shop owners with efficiencies and profitability, and Clairus is a provider of on-demand auto glass, calibration services, and auto appearance services. As of December 26, 2020, the Parent and its subsidiaries encompass 3,266 units worldwide, with 80% located within the United States and the remainder located in Canada. Approximately 85% of the units are franchised.

Meineke, Merlin's, Pro Oil, and Econo Lube each provide automotive repair and maintenance services through retail locations. Maaco, CARSTAR, FUSA and ABRA provide auto body repairs and painting services through retail locations. Drive N Style provides automotive appearance services to customers through mobile vans. Radiator provides certain automotive parts to automotive repair stores, automotive parts stores, body shops and service stations. Take 5 is an operator of oil change centers, offering rapid oil changes and light maintenance services within the United States and Canada.

On July 31, 2015, the Parent contributed to the Securitization Entities, through Driven Holdco, Driven Funding, and the Company, substantially all of its U.S. and Canadian intellectual property, trademarks/tradenames, franchise agreements, development agreements, and all rights to develop and expand the Driven Franchise Brands excluding Radiator, CARSTAR, Take 5, and ABRA (collectively, the "Securitization IP") along with certain franchisee notes receivable, collectively the "Managed Assets". The Parent, certain non-securitization Canadian subsidiaries, and the Securitization Entities entered into the Driven Brands License Agreement, Econo Lube License Agreement, Pro Oil Canadian Franchisor License Agreement, Meineke Canadian Franchisor License Agreement and Maaco Canadian Franchisor License Agreement (collectively, the "License Agreements") pursuant to which the Securitization Entities, collectively, granted to Parent (i) a non-exclusive license to use and sublicense to non-Securitization Entities the Securitization IP in connection with owning and operating the company-owned store locations and (ii) an exclusive license to use and sublicense the Securitization IP in connection with other products and services for a royalty varying by brand and licensed use.

On April 24, 2018, the Parent contributed to Take 5 Franchisor SPV LLC, CARSTAR Franchisor SPV LLC, and 1-800 Radiator Franchisor SPV LLC through Driven Holdco, Driven Funding, and the Company, substantially all of its U.S. and Canadian intellectual property, trademarks/tradenames, franchise agreements, development agreements, and all rights to develop and expand the franchise brands (collectively, the "Take 5, CARSTAR and Radiator Securitization IPs") along with 1-800 Radiator franchisee note receivables (collectively the "Radiator Managed Assets"). Take 5 Franchisor SPV LLC was established on April 24, 2018 and the Parent contributed intangible assets at a value of $31 million. The Parent, certain non-securitization subsidiaries, Take 5 Franchisor SPV LLC, CARSTAR Franchisor SPV LLC, and 1-800 Radiator Franchisor SPV LLC entered into the 2018 Amended and Restated Master License Agreement whereby Take 5 Franchisor SPV LLC, CARSTAR Franchisor SPV LLC, and 1-800 Radiator Franchisor SPV granted to Parent (i) a non-exclusive license to use and sublicense to Non-Securitization Entities the Take 5, CARSTAR and Radiator Securitization IPs in connection with an (i) an exclusive license to use and sublicense the Take 5, CARSTAR and Radiator Securitization IPs in connection with other products and services for a royalty varying by brand and licensed use.

On October 4, 2019, the Parent contributed to ABRA Franchisor SPV LLC, through the Company and Driven Brands Funding, LLC, substantially all of its U.S. intellectual property, trademarks/tradenames, franchise agreements, and all rights to develop and expand the ABRA franchise brand (collectively, the "ABRA Securitization IP") at a value of approximately $38 million. The Parent, certain non-securitization subsidiaries, and ABRA Franchisor SPV LLC entered into the 2019 Amended and Restated Master License Agreement whereby ABRA Franchisor SPV LLC granted to Parent an exclusive license to use and sublicense the ABRA Securitization IP in connection with other products and services for a royalty varying by brand and licensed use.

On July 6, 2020, the Parent contributed to FUSA Franchisor SPV LLC, through the Company and Driven Brands Funding, LLC, substantially all of its U.S. intellectual property, trademarks/tradenames, franchise agreements, and all rights to develop and expand the Fix Auto franchise brand (collectively, the "FUSA Securitization IP") at a value of approximately $34 million. The Parent, certain non-securitization subsidiaries, and FUSA Franchisor SPV LLC entered into the 2020 Mondofix License Assignment Agreement whereby FUSA Franchisor SPV LLC was granted an exclusive license to use and sublicense the FUSA Securitization IP in connection with other products and services for a royalty varying by brand and licensed use.

The contributions of the Take 5 Securitization IP, CARSTAR Securitization IP, FUSA Securitization IP, Radiator Securitization IPs, Radiator Managed Assets, ABRA Securitization IP, cash, and franchisee notes receivable are between entities under common control and are recorded at book value. No gain or loss has been realized on the transactions.

The Securitization Entities entered into a Management Agreement dated April 24, 2018, amended on October 4, 2019 and July 6, 2020 ("the Management Agreement"), which obligates the Parent (the "Manager") to manage and service the Managed Assets, Take 5 Securitization IP, CARSTAR Securitization IP, Radiator Securitization IPs, FUSA Securitization IP, and ABRA Securitization IP as defined in the Management Agreement. The primary responsibilities of the Manager under the Management Agreement include administering collections and otherwise managing the Managed Assets, Take 5 Securitization IP, CARSTAR Securitization IP, Radiator Securitization IPs, FUSA Securitization IP, and ABRA Securitization IP on behalf of the Securitization Entities, and to perform certain franchising, marketing, intellectual property and operation and reporting services on behalf of the Securitization Entities with respect to the Managed Assets. In performing its obligations under the Management Agreement, the Manager acts solely as an independent contractor of the Securitization Entities, except to the extent the Manager is deemed to be an agent of the Securitization Entities by virtue of engaging in franchise sales activities or receiving payments on behalf of the Securitization Entities. In exchange for providing such services, the Manager is entitled to receive certain management fees on a weekly basis.

Note 2—Summary of Significant Accounting Policies

Fiscal Year

The Company operates and reports financial information on a 52- or 53-week year with the fiscal year ending on the last Saturday in December. Fiscal years 2020 and 2019 reflect the results of operations for the 52-week periods ended December 26, 2020 and December 28, 2019, respectively.

Basis of Presentation

The consolidated financial statements include the accounts of the Securitization Entities. Intercompany accounts and transactions have been eliminated in consolidation. The preparation of financial statements in conformity with generally accepted accounting principles in the United States (“GAAP”) requires the Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities, if any, at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates are made in the valuation of notes receivable, intangible assets and goodwill, as well as impairment of intangible assets and goodwill. On an ongoing basis, the Company evaluates its estimates based on historical experience, current conditions and various other assumptions that are believed to be reasonable under the circumstances. The Company adjusts such estimates and assumptions when facts and circumstances dictate. Actual results could differ from those estimates.

Certain amounts in the 2019 consolidated financial statements have been reclassified to conform to the 2020 presentation. In the Company's consolidated balance sheets, $3 million of goodwill was reclassified from intangible assets, net for the year ended December 28, 2019 to conform to the current year presentation.

Summary of Significant Accounting Policies

Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposits and short-term, highly liquid investments with original maturities of three months or less. The Company maintains cash balances in non-interest bearing transaction accounts with various financial institutions, which are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to $250 thousand. Although the Company maintains balances that exceed the federally insured limit, we have not experienced any losses related to this balance, and the Company believes credit risk to be minimal.

Accounts and Notes Receivable

The Company’s accounts receivable consists principally of amounts due related to product sales, supply sales, and franchise fees. These receivables are generally due within 30 days of the period in which the corresponding sales occur and are classified as Accounts and notes receivable, net on the consolidated balance sheets. Accounts receivable are reported at their estimated net realizable value.

Notes receivable are primarily from franchisees and relate to financing arrangements for certain past due balances. The notes are typically collateralized by the assets of the franchisee shop with interest rates up to 12%, depending on the level of credit risk and payment terms. Interest income recognized on these notes is included in supply and other revenue on the accompanying consolidated statements of income. The Company places notes receivable on a nonaccrual status based on management’s determination if it is probable that the principal balance is not expected to be repaid per the contractual terms. When the Company places a note on nonaccrual status, interest or fee income ceases to be recognized.

Notes receivable are reported at their estimated net realizable value. The Company provides an allowance for doubtful accounts equal to the estimated uncollectible amounts of notes receivable. Management determines the allowance by considering a number of factors, including the length of time notes receivable are past due, the Company's previous loss history, the customers' current ability to pay their obligations to the Company and the condition of the general economy and the industry as a whole. Receivables are written-off based on individual credit evaluation and specific circumstances of the franchisee and customer. Management has established an allowance for doubtful accounts of $5 million and $4 million as of December 26, 2020 and December 28, 2019, respectively.

Goodwill and Intangible Assets

Goodwill is recorded when the aggregate purchase price of an acquisition exceeds the estimated fair value of the net identified tangible and intangible assets acquired. Intangible assets resulting from an acquisition are accounted for using the purchase method of accounting and are estimated by management based on the fair value of the assets acquired. The Company's identifiable intangible assets are comprised primarily of trademarks, franchise agreements, license agreement and developed technology. Identifiable intangible assets with finite lives (franchise agreements) are amortized over the period of estimated benefit using the straight-line method. Goodwill and intangible assets considered to have an indefinite life (trade names) are not subject to amortization. The determination of indefinite life is subject to reassessment if changes in facts and circumstances indicate the period of benefit has become finite.

Goodwill and indefinite-lived intangible assets are assessed annually for impairment as of the first day of the fiscal fourth quarter, or more frequently if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit or the fair value of an indefinite-lived intangible asset below its carrying value. The Company believes no impairment existed for the years ended December 26, 2020 and December 28, 2019.

Fair Value of Financial Instruments

Fair value measurements enable the reader of the financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values. The Company classifies and discloses assets and liabilities carried at fair value in one of the following three categories.

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date,

Level 2: Inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; or

Level 3: Inputs are unobservable inputs for the asset or liability. Unobservable inputs are used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.

The carrying value and estimated fair value of the Company's financial instruments were as follows:

	December 26, 2020		December 28, 2019	
(in thousands)	Carrying value	Estimated fair value	Carrying value	Estimated fair value
Cash	$ 1,000	$ 1,000	$ 1,000	$ 1,000
Accounts and notes receivable, net	9,059	9,059	7,816	7,816

Revenue Recognition

In accordance with the Management Agreement, 2016 Amended and Restated Master License Agreement, 2018 Amended and Restated Master License Agreement and License Agreements, and the 2019 Amended and Restated Master License Agreement and License Agreements, revenue is recognized for amounts received or due to the Company for the use of the Company's intellectual property. Franchise revenue is comprised of royalties generated from franchisee fees as well as the Parent's company owned stores. Franchise fee royalty revenue is based on the fee agreements defined in the subsidiaries' franchise agreements. Royalties generated from the Parent's company owned stores are based on the fee agreements defined in the Management Agreement, Amended and Restated Master License Agreement, and any applicable sub-license agreements. Canadian royalty revenue is based on agreed upon fees defined in the Pro Oil Canadian Franchisor License Agreement, Meineke Canadian Franchisor License Agreement, 1-800 Radiator Canadian Franchisor License Agreement, and Maaco Canadian Franchisor License Agreement. Product distribution margin revenue is based on paint and supply products delivered to franchisees. Advertising fee royalty revenue is based on the fee arrangements set forth in the subsidiaries' franchise agreements and is recognized net of advertising expenditures. Initial franchise fees are recognized on a straight-line basis over the life of the franchise agreement as the performance obligation is satisfied.

Income Taxes

The Company is a limited liability company treated as a partnership for federal and state income tax purposes with all income tax liabilities and/or benefits of the Company being passed through to the member. As such, no recognition of federal or state income taxes for the Company or its subsidiaries that are organized as limited liability companies have been provided for in the accompanying consolidated financial statements. Any uncertain tax position taken by the member is not an uncertain position of the Company.

As it pertains to the Company and the impact on the Ultimate Parent, the Company follows applicable authoritative guidance with respect to the accounting for uncertainty in income taxes recognized in the Company's consolidated financial statements. It prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken, or expected to be taken, in a tax return. The Company records any interest and penalties associated as additional income tax expense in the consolidated statements of income. Based on management analysis, the Company does not believe any unrecognized tax benefits significantly changed in the current period. Furthermore, the Company does not believe any remaining unrecognized tax benefits will significantly change in the next fiscal year.

Recently Adopted Accounting Standards

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, as amended, to provide principles within a single framework for revenue recognition of transactions involving contracts with customers across all industries. The Company adopted this standard using the modified retrospective approach, effective December 30, 2018 and, as a result, recorded a $4 million increase to accumulated deficit.

Recently Issued Accounting Standards

In February 2016, the Financial Accounting Standards Board issued Accounting Standards Update ("ASU") 2016-13, *Financial Instruments - Credit Losses*, which requires entities to estimate all expected credit losses for financial assets measured at amortized cost basis, including trade receivables, held at the reporting date based on historical experience, current conditions and reasonable and supportable forecasts. This guidance is effective for fiscal years beginning after December 15, 2022 and the Company is currently evaluating the impact the adoption of this ASU will have on its consolidated financial statements. The Ultimate Parent adopted this guidance during the year ended December 26, 2020.

Note 3 - Accounts and Notes Receivable, net

Accounts and notes receivable, net consisted of the following:

(in thousands)	December 26, 2020	December 28, 2019
Accounts receivable	$ 13,190	$ 10,676
Notes receivable	948	1,418
Total gross receivables	14,138	12,094
Less allowance for doubtful accounts	(5,079)	(4,278)
Less current portion of accounts and notes receivable	(8,651)	(7,466)
Notes receivable, long term	$ 408	$ 350

Note 4 - Intangible Assets

Changes in the carrying amount of goodwill for the years ended December 26, 2020 and December 28, 2019 are as follows:

(in thousands)	Total
Balance at December 29, 2018	$ —
Contributions	—
Balance at December 28, 2019	—
FUSA contribution	19,390
Balance at December 26, 2020	$ 19,390

Intangible assets consisted of the following:

(in thousands)	December 26, 2020		December 28, 2019	
	Gross carrying value	Accumulated amortization	Gross carrying value	Accumulated amortization
Definite-lived intangible assets				
Franchise Agreements	$ 198,874	$ 36,694	$ 191,465	$ 29,309
License Agreements	10,517	1,423	2,924	625
Software	12,400	12,400	12,400	11,301
Indefinite-lived intangible assets				
Trademarks	338,346	—	340,144	—
Total	$ 560,137	$ 50,517	$ 546,933	$ 41,235

Intangible assets with definite lives are being amortized on a straight-line basis over the estimated useful life of each asset. Intangible asset amortization expense was $9 million for the years ended December 28, 2019 and December 29, 2018, respectively.

Amortization expense related to intangible assets for the next five fiscal years and thereafter is as follows:

(in thousands)	
2021	8,925
2022	8,925
2023	8,925
2024	8,925
2025	8,925
Thereafter	126,649
Total amortization	171,274

Note 5 - Related Party Transactions

Cash collections from revenue and cash disbursements for management fees, interest expense and other operating expenses are made at Driven Holdco. Because the revenue and expenses related to these cash flows are recorded on the consolidated financial statements of the Company, the Company has recorded deemed distributions to Driven Holdco of $100 million and $85 million for the years ended December 26, 2020 and December 28, 2019, respectively.

In exchange for providing management services, the Parent is entitled to receive certain management fees on a weekly basis. The Company's management fees to the Parent were $26 million for each of the years ended December 26, 2020 and December 28, 2019. These fees are included in operating expenses on the consolidated statements of income.

Driven Brands Funding, LLC (the "Issuer") holds approximately $1.3 billion in debt in the form of five Senior Notes and one Variable Funding Note, maturing on April 20, 2048, April 20, 2049, October 20, 2049, January 20, 2050, July 20, 2050 and January 20, 2051. The Senior Notes are secured by substantially all assets of the Issuer and guaranteed by Driven Holdco and subsidiaries of the Issuer. The interest expense allocated to the Company was $36 million and $35 million for the years ended December 26, 2020 and December 28, 2019, respectively. These amounts are included in operating expenses on the consolidated statements of income.

Note 6 - Subsequent Events

The Company evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through May 7, 2021, the date the financial statements were available to be issued.

On January 14, 2021, the Ultimate Parent completed an initial public offering of approximately 32 million shares of common stock.

UNAUDITED FINANCIAL STATEMENTS

THESE FINANCIAL STATEMENTS WERE PREPARED WITHOUT AN AUDIT. INVESTORS IN OR SELLERS OF THIS FRANCHISE SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED AN OPINION WITH REGARD TO THEIR CONTENTS OR FORM.

Consolidated Financial Statements
(Unaudited)

Driven Systems LLC and Subsidiaries

For the three months ended
March 26, 2022 and March 27, 2021

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DRIVEN SYSTEMS LLC AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

(in thousands)	**March 26, 2022**	**December 25, 2021**
Assets		
Current assets:		
Cash and cash equivalents	$ 1,000	$ 1,000
Accounts and notes receivable, net	11,298	9,092
Total current assets	12,298	10,092
Notes receivable, net	8	91
Intangible assets, net	498,464	500,695
Goodwill	19,390	19,390
Total assets	$ 530,160	$ 530,268
Liabilities and members' equity		
Current liabilities:		
Deferred franchise revenue	$ 22,453	$ 21,713
Total liabilities	22,453	21,713
Members' equity	507,707	508,555
Total members' equity	507,707	508,555
Total liabilities and members' equity	$ 530,160	$ 530,268

DRIVEN SYSTEMS LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)

	For the three months ended	
(in thousands)	**March 26, 2022**	**March 27, 2021**
Revenue:		
Franchise fee revenue	$ 49,580	$ 39,294
Other revenue	10,251	8,173
Total revenue	59,831	47,467
Costs and expenses:		
Operating expenses	17,914	14,902
Amortization	2,231	2,290
Total costs and expenses	20,145	17,192
Net income	$ 39,686	$ 30,275

DRIVEN SYSTEMS LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF MEMBERS' EQUITY
(UNAUDITED)

in thousands

Balance as of December 26, 2020	$	523,564
Net income		30,275
Deemed distribution to Parent		(34,459)
Balance as of March 27, 2021	$	519,380
Balance as of December 25, 2021	$	508,555
Net income		39,686
Deemed distribution to Parent		(40,534)
Balance as of March 26, 2022	$	507,707

DRIVEN SYSTEMS LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	For the three months ended	
(in thousands)	**March 26, 2022**	**March 27, 2021**
Net income	$ 39,686	$ 30,275
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization	2,231	2,290
Changes in assets and liabilities:		
Accounts and notes receivable, net	(2,123)	439
Deferred franchise revenue	740	1,455
Cash provided by operating activities	40,534	34,459
Cash flows from financing activities:		
Distributions to parent	(40,534)	(34,459)
Cash used in financing activities	(40,534)	(34,459)
Net change in cash	—	—
Cash, beginning of period	1,000	1,000
Cash, end of period	$ 1,000	$ 1,000

DRIVEN BRANDS, INC.

Consolidated Financial Statements and Report of
Independent Certified Public Accountants

Driven Brands, Inc. and Subsidiaries

For the years ended
December 25, 2021 and December 26, 2020

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Driven Brands, Inc.

Opinion

We have audited the consolidated financial statements of Driven Brands, Inc. (a Delaware corporation) and subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 25, 2021 and December 26, 2020, and the related consolidated statements of income, comprehensive income, shareholders' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 25, 2021 and December 26, 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion

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

Responsibilities of management for the financial statements

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

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

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

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

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

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

Grant Thornton LLP

Charlotte, North Carolina
April 29, 2022

DRIVEN BRANDS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(in thousands)	December 25, 2021	December 26, 2020
Assets		
Current assets:		
Cash and cash equivalents	$ 82,676	$ 129,208
Restricted cash	657	6,888
Accounts and notes receivable, net	105,838	80,220
Inventory	34,092	29,024
Prepaid and other assets	17,644	32,717
Inter-company receivable	384,432	—
Income tax receivable	1,539	1,063
Assets held for sale	3,275	—
Advertising fund assets, restricted	45,360	29,276
Total current assets	675,513	308,396
Notes receivable, net	2,184	3,668
Inter-company receivable	128,144	—
Property and equipment, net	222,870	165,626
Operating lease right-of-use assets	312,470	304,030
Deferred commissions	10,567	8,661
Intangibles, net	645,816	656,793
Goodwill	938,137	898,539
Total assets	$ 2,935,701	$ 2,345,713
Liabilities and shareholders' equity		
Current liabilities:		
Accounts payable	$ 67,897	$ 54,836
Income taxes payable	5,109	1,119
Accrued expenses and other liabilities	190,016	115,336
Current portion of long-term debt	21,527	16,563
Advertising fund liabilities	26,441	20,276
Total current liabilities	310,990	208,130
Long-term debt, net	1,860,144	1,421,898
Operating lease liabilities	295,897	280,081
Deferred tax liabilities	136,007	120,442
Deferred revenue	27,456	20,757
Accrued expenses and other long-term liabilities	2,739	4,316
Total liabilities	2,633,233	2,055,624
Shareholders' equity:		
Class A common stock, $.01 par value, authorized 60,000,000 voting shares; 56,560,217 shares issued and outstanding at December 25, 2021 and December 26, 2020	565	565
Class B common stock, $.01 par value, authorized 12,461,152 non-voting shares; 0 shares issued and outstanding at December 25, 2021 and December 26, 2020	—	—
Additional paid-in-capital	247,505	246,172
Retained earnings	55,615	40,393
Accumulated other comprehensive income (loss)	(1,623)	1,595
Total shareholders' equity attributable to Driven Brands Holdings Inc.	302,062	288,725
Non-controlling interests	406	1,364
Total shareholders' equity	302,468	290,089
Total liabilities and shareholders' equity	$ 2,935,701	$ 2,345,713

The accompanying notes are an integral part of these consolidated financial statements.

DRIVEN BRANDS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

(in thousands, except per share amounts)	Fiscal year ended December 25, 2021	Fiscal year ended December 26, 2020
Revenue:		
Franchise royalties and fees	$ 144,413	$ 117,126
Company-operated store sales	566,528	409,298
Advertising contributions	75,599	59,672
Supply and other revenue	193,305	168,425
Total revenue	979,845	754,521
Operating expenses:		
Company-operated store expenses	336,280	256,370
Advertising expenses	74,765	61,989
Supply and other expenses	108,121	92,016
Selling, general and administrative expenses	244,761	195,648
Acquisition costs	57,659	12,884
Store opening costs	2,331	2,799
Depreciation and amortization	43,571	36,012
Asset impairment charges	582	8,142
Total operating expenses	868,070	665,860
Operating income	111,775	88,661
Other (income) expense, net		
Interest expense, net	71,748	72,398
Loss on debt extinguishment	54	5,490
Gain on foreign currency transactions, net	(1,472)	(8,625)
Total other expenses, net	70,330	69,263
Income before taxes	41,445	19,398
Income tax expense	26,242	13,405
Net income	15,203	5,993
Net loss attributable to non-controlling interests	(19)	(62)
Net income attributable to Driven Brands, Inc.	$ 15,222	$ 6,055

The accompanying notes are an integral part of these consolidated financial statements.

DRIVEN BRANDS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in thousands)	Fiscal year ended December 25, 2021	Fiscal year ended December 26, 2020
Net income	$ 15,203	$ 5,993
Other comprehensive loss:		
Foreign currency translation adjustment	(2,537)	(2,069)
Unrealized gain cash flow hedge, net of tax	(672)	—
Other comprehensive loss, net	(3,209)	(2,069)
Total comprehensive income	11,994	3,924
Comprehensive loss attributable to non-controlling interests	(10)	$ (38)
Comprehensive income attributable to Driven Brands, Inc.	$ 12,004	$ 3,962

The accompanying notes are an integral part of these consolidated financial statements.

DRIVEN BRANDS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

in thousands	Common stock, Class A and B	Additional paid-in-capital	Retained earnings	Accumulated other comprehensive income (loss)	Non-controlling interests	Total equity
Balance as of December 28, 2019	565	242,240	40,147	3,626	1,464	288,042
Cumulative effect of ASU 2016-02 adoption	—	—	(4,012)	—	—	(4,012)
Cumulative effect of ASU 2016-13 adoption	—	—	(1,797)	—	—	(1,797)
Balance as of December 29, 2019	565	242,240	34,338	3,626	1,464	282,233
Net income (loss)	—	—	6,055	—	(62)	5,993
Other comprehensive loss	—	—	—	(2,031)	(38)	(2,069)
Equity-based compensation expense	—	1,323	—	—	—	1,323
Contributions	—	2,609	—	—	—	2,609
Balance as of December 26, 2020	$ 565	$ 246,172	$ 40,393	$ 1,595	$ 1,364	$ 290,089
Net income (loss)	—	—	15,222	—	(19)	15,203
Other comprehensive income (loss)	—	—	—	(3,218)	9	(3,209)
Equity-based compensation expense	—	4,301	—	—	—	4,301
Distributions	—	(2,968)	—	—	—	(2,968)
At-Pac divestiture	—	—	—	—	(948)	(948)
Balance as of December 25, 2021	$ 565	$ 247,505	$ 55,615	$ (1,623)	$ 406	$ 302,468

The accompanying notes are an integral part of these consolidated financial statements.

DRIVEN BRANDS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)	Fiscal year ended December 25, 2021	Fiscal year ended December 26, 2020
Net income	$ 15,203	$ 5,993
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	43,571	36,012
Noncash lease cost	35,505	36,100
Gain on foreign denominated transactions	(1,108)	(8,625)
Bad debt expense	1,763	7,002
Asset impairment costs	582	8,142
Amortization of deferred financing costs and bond discounts	6,155	5,557
Provision for deferred income taxes	15,294	6,952
Loss on extinguishment of debt	54	5,490
Loss on foreign currency derivative	(364)	—
Other, net	3,626	2,156
Changes in assets and liabilities:		
Accounts and notes receivable, net	(26,839)	(9,910)
Inter-company receivable	(512,576)	—
Inventory	(6,585)	(2,220)
Prepaid and other assets	16,964	(18,139)
Advertising fund assets and liabilities, restricted	8,554	(369)
Deferred commissions	(1,899)	(1,927)
Deferred revenue	6,678	6,278
Accounts payable	17,127	(1,943)
Accrued expenses and other liabilities	79,641	25,432
Income tax receivable	3,452	3,817
Operating lease liabilities	(33,625)	(34,731)
Cash provided by operating activities	(328,827)	71,067
Cash flows from investing activities:		
Capital expenditures	(55,650)	(42,879)
Cash used in business acquisitions, net of cash acquired	(77,450)	(31,006)
Proceeds from sale-leaseback transactions	6,117	—
Proceeds from disposition of business	1,529	—
Cash used in investing activities	(125,454)	(73,885)
Cash flows from financing activities:		
Payment of contingent consideration related to acquisitions	—	(2,783)
Payment of debt issuance cost	(8,508)	(22,932)
Proceeds from the issuance of long-term debt	450,000	625,000
Repayment of long-term debt	(17,489)	(445,417)
Repayments of revolving lines of credit and short-term debt	(134,800)	(386,800)
Proceeds from revolving lines of credit and short-term debt	134,800	327,301
Repayment of principal portion of finance lease liability	(1,164)	(343)
Distribution to Parent	(2,968)	—
Proceeds from failed sale-leaseback transactions	538	2,201
Proceeds from issuance of equity shares	—	2,609
Other, net	152	—
Cash (used in) provided by financing activities	420,561	98,836

Effect of exchange rate changes on cash	174	1,421
Net change in cash, cash equivalents, restricted cash, and cash included in advertising fund assets, restricted	(33,546)	97,439
Cash and cash equivalents, beginning of period	129,208	34,935
Cash included in advertising fund assets, restricted, beginning of period	19,369	23,091
Restricted cash, beginning of period	6,888	—
Cash, cash equivalents, restricted cash, and cash included in advertising fund assets, restricted, beginning of period	155,465	58,026
Cash and cash equivalents, end of period	82,676	129,208
Cash included in advertising fund assets, restricted, end of period	38,586	19,369
Restricted cash, end of period	657	6,888
Cash, cash equivalents, restricted cash, and cash included in advertising fund assets, restricted, end of period	$ 121,919	$ 155,465
Supplemental cash flow disclosures - non-cash items:		
Accrued capital expenditures	$ 3,430	$ 3,839
Contingent consideration	56,000	$ 4,309
Supplemental cash flow disclosures - cash paid for:		
Interest	$ 71,308	$ 68,119
Income taxes	7,936	$ 4,591

The accompanying notes are an integral part of these consolidated financial statements.

Note 1—Description of Business

Description of Business

Driven Brands, Inc. and Subsidiaries (collectively,"the Company") comprises the worldwide operations of Meineke Car Care Centers ("Meineke"), Maaco Collision Repair and Auto Painting ("Maaco"), Fix Auto USA ("FUSA"), Merlin's 200,000 Miles shops ("Merlin's"), Uniban ("Go Glass"), Econo-Lube N' Tune ("Econo"), 1-800-Radiator & A/C ("Radiator"), Spire Supply, Drive N Style, Take 5 Oil Change ("Take 5"), CARSTAR auto body repair experts ("CARSTAR"), ABRA Auto Body Repair of America ("ABRA"), and Clairus Group ("Clairus") (collectively, the "Driven Franchise Brands"). The Driven Franchise Brands develop, operate, franchise and license their individual business systems to provide retail and business-to-business automotive services. The Company is also comprised of Automotive Training Institute ("ATI"), which provides business-to-business automotive training services. As of December 25, 2021, the Driven Franchise Brands encompass 3,354 units worldwide, with 79% located within the United States and the remainder located primarily in Canada. Approximately 83% of the units are franchised. The Company is a direct, wholly-owned subsidiary of Driven Holdings, LLC, which is a direct wholly-owned subsidiary of Driven Brands Holdings Inc. (the "Ultimate Parent").

Meineke, Merlin's, and Econo, each provide automotive repair and maintenance services through retail locations. Maaco, CARSTAR, FUSA, Driven Glass and ABRA provide auto body repairs and painting services through retail locations. Driven N Style provides automotive appearance services to customers through mobile vans. Radiator provides certain automotive parts to automotive repair stores, automotive parts stores, body shops and service stations. Take 5 is an operator of oil change centers, offering rapid oil changes and light maintenance services within the United States and Canada. Spire Supply and PH Glass are distribution and sourcing companies serving as a single point for inventory sourcing for the Company. Clairus is a provider of on-demand auto glass, calibration services, and auto appearance services. ATI provides automotive business training services to assist shop owners with efficiencies and profitability. The Company has also completed acquisition transactions, and in certain circumstances has retained the target's brand name.

Note 2—Summary of Significant Accounting Policies

Fiscal Year

The Company operates and reports financial information on a 52- or 53-week year with the fiscal year ending on the last Saturday in December. Fiscal years 2021 and 2020 reflect the results of operations for the 52-week periods ended December 25, 2021 and December 26, 2020, respectively.

Basis of Presentation

The consolidated financial statements include the accounts of the the Company. Intercompany accounts and transactions have been eliminated in consolidation. The preparation of financial statements in conformity with generally accepted accounting principles in the United States ("GAAP") requires the Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities, if any, at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates are made in the valuation of intangible assets and goodwill, as well as impairment of intangible assets and goodwill. On an ongoing basis, the Company evaluates its estimates based on historical experience, current conditions and various other assumptions that are believed to be reasonable under the circumstances. The Company adjusts such estimates and assumptions when facts and circumstances dictate. Actual results could differ from those estimates.

Summary of Significant Accounting Policies

Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposits and short-term, highly liquid investments with original maturities of three months or less. These investments are carried at cost, which approximates fair value. The Company continually monitors its positions with, and the credit quality of, the financial institutions in which it maintains its deposits. As of December 25, 2021 and December 26, 2020, the Company maintained balances in various cash accounts in excess of federally insured limits.

Restricted Cash

The Company had total restricted cash of $39 million at December 25, 2021, which primarily consisted of funds from franchisees pursuant to franchise agreements, the usage of which was restricted to advertising activities. The Company had restricted cash of $26 million at December 26, 2020 which consisted of $7 million required to be held in trust in connection with the Company's securitized debt and $19 million of funds from franchisees pursuant to franchise agreements, usage of which was restricted to advertising activities. Funds required to be held in trust in connection with the Company's securitized debt are presented on the consolidated balance sheet within restricted cash, while advertising funds are presented within advertising fund assets, restricted, on the consolidated balance sheet.

Accounts and Notes Receivable

The Company's accounts receivable consists principally of amounts due related to product sales, centrally billed commercial fleet work, centrally billed insurance claims, advertising, franchise fees, rent due from franchisees and training services. These receivables are generally due within 30 days of the period in which the corresponding sales occur and are classified as Accounts and notes receivable, net on the consolidated balance sheets. Accounts receivable are reported at their estimated net realizable value.

Notes receivable are primarily from franchisees and relate to financing arrangements for certain past due balances or to partially finance the acquisition of company-operated stores or refranchising locations. The notes are typically collateralized by the assets of the store being purchased. Interest income recognized on these notes is included in supply and other revenue on the accompanying consolidated statements of income. The Company places notes receivable on a non-accrual status based on management's determination if it is probable that the principal balance is not expected to be repaid per the contractual terms. When the Company places a note receivable on a non-accrual status, interest income recorded on the note is reversed through supply and other revenue. The Company recorded an immaterial amount of interest income related to its notes receivables during the years ended December 25, 2021 and December 26, 2020.

Allowance for Uncollectible Receivables

The Company adopted ASU 2016-13, *Financial Instruments - Credit Losses*, on December 26, 2020, which was retroactively applied as of the first day of fiscal year 2020. This accounting standard requires companies to measure expected credit losses on financial instruments based on the total estimated amount to be collected over the lifetime of the instrument. Prior to the adoption of this accounting standard, the Company recorded incurred loss reserves against receivable balances based on current and historical information. The Company adopted this guidance using the modified retrospective adoption method on December 26, 2020, which was retroactively applied as of the first day of fiscal year 2020. Upon adoption of the this guidance, the Company recognized an increase to its allowance for credit losses of $2 million and a corresponding adjustment to retained earnings, net of tax.

Expected credit losses for uncollectible receivable balances consider both current conditions and reasonable and supportable forecasts of future conditions. Current conditions considered include pre-defined aging criteria, as well as specified events that indicate the balance due is not collectible. Reasonable and supportable forecasts used in

determining the probability of future collection consider publicly available macroeconomic data and whether future credit losses are expected to differ from historical losses.

The Company is not party to any off-balance sheet arrangements that would require an allowance for credit losses in accordance with this accounting standard.

Inventory

Inventory is stated at the lower of cost or net realizable value. The Company primarily purchases its oil, lubricants, and auto glass in bulk quantities to take advantage of volume discounts and to ensure inventory availability to complete services. Inventories are presented net of volume rebates.

Property and Equipment, net

Property and equipment are stated at cost less accumulated depreciation. Depreciation is provided using the straight-line method over the estimated useful lives of the respective assets. Leasehold improvements are depreciated over the shorter of the estimated useful life or the remaining lease term of the related asset. Estimated useful lives are as follows:

Buildings and improvements	30 - 40 years
Furniture and fixtures	5 - 8 years
Store equipment	2 - 10 years
Leasehold improvements	5 - 15 years
Vehicles	5 years

Leases

The Company adopted Accounting Standards Update ("ASU") 2016-02, *Leases*, as of the first day of fiscal year 2020. We determine whether the contract is or contains a lease based on the terms and conditions of the contract. Lease contracts are recognized on our consolidated balance sheet as right-of-use ("ROU") assets and lease liabilities; however, we have elected not to recognize ROU assets and lease liabilities on leases with terms of one year or less. Lease liabilities and their corresponding ROU assets are recorded based on the present value of the future lease payments over the expected lease term. As the Company's leases do not provide enough information to determine the implicit interest rate in the agreements, the Company uses its incremental borrowing rate in calculating the lease liability. The Company determines its incremental borrowing rate for each lease by reference to yield rates on collateralized debt issuances, which approximates borrowings on a collateralized basis, by companies of a similar credit rating as the Company, with adjustments for differences in years to maturity and implied company-specific credit spreads. The ROU asset also includes initial direct costs paid less lease incentives received from the lessor. Our lease contracts are generally classified as operating and, as a result, we recognize a single lease cost within operating expenses on the consolidated statement of income on a straight-line basis over the lease term. The Company also records lease income for subleases of franchise stores to certain franchisees. Lease income from sublease rentals are recognized on a straight-line basis over the lease term.

We adopted ASU 2016-02 and the subsequent ASUs that modified ASU 2016-02 (collectively, "the amendments") during the year ended December 26, 2020 and retroactively adopted the amendments as of December 29, 2019. We elected not to adjust prior period comparative information and will continue to disclose prior period financial information in accordance with the previous lease accounting guidance. We have elected certain practical expedients permitted within the amendments that allow us to not reassess (i) current lease classifications, (ii) whether existing contracts meet the definition of a lease under the amendments to the lease guidance, and (iii) whether current initial direct costs meet the new criteria for capitalization, for all existing leases as of the adoption date. We made an accounting policy election to calculate the impact of adoption using the remaining minimum lease payments and remaining lease term for each contract that was identified as a lease, discounted at our incremental borrowing rate as of the adoption date.

The adoption of the amendments as of December 29, 2019 resulted in a ROU asset of approximately $324 million primarily from operating leases for our company-owned stores, a $4 million reduction to retained earnings, net of taxes, and a lease liability of $330 million. The remaining impact related to the derecognition of certain liabilities and assets that had been recorded in accordance with GAAP that had been applied prior to the adoption of the amendments.

Impairment of Long-Lived Assets

Long-lived assets that are used in operations are tested for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable through undiscounted future cash flows. Recognition and measurement of a potential impairment is performed on assets grouped with other assets and liabilities at the lowest level where identifiable cash flows are largely independent of the cash flows of other assets and liabilities. An impairment loss is the amount by which the carrying amount of a long-lived asset or asset group exceeds its estimated fair value. Fair value is generally estimated by internal specialists based on the present value of anticipated future cash flows or, if required, with the assistance of independent third-party valuation specialists, depending on the nature of the assets or asset group.

Goodwill and Intangible Assets

Goodwill is recorded when the aggregate purchase price of an acquisition exceeds the estimated fair value of the net identified tangible and intangible assets acquired. Intangible assets resulting from an acquisition are accounted for using the purchase method of accounting and are estimated by management based on the fair value of the assets acquired. The Company's identifiable intangible assets are comprised primarily of trademarks, franchise agreements, license agreements, membership agreements, customer relationships, and developed technology. Identifiable intangible assets with finite lives (franchise agreements) are amortized over the period of estimated benefit using the straight-line method. Goodwill and intangible assets considered to have an indefinite life (primarily trade names) are not subject to amortization. The determination of indefinite life is subject to reassessment if changes in facts and circumstances indicate the period of benefit has become finite.

Goodwill and indefinite-lived intangible assets are assessed annually for impairment as of the first day of the fiscal fourth quarter, or more frequently if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit or the fair value of an indefinite-lived intangible asset below its carrying value.

Revenue Recognition

Franchise royalties and fees

Franchisees are required to pay an upfront license fee prior to the opening of a location. The initial license payment received is recognized ratably over the life of the franchise agreement. Franchisees will also pay continuing royalty fees, at least monthly, based on a percentage of the store level retail sales or a flat amount, depending on the brand. The royalty income is recognized as the underlying sales occur. In addition to the initial fees and royalties, the Company also recognizes revenue associated with development fees charged to franchisees, which are recognized as income over the life of the associated franchise agreement. Development fees relate to the right of a franchisee to open additional locations in an agreed upon territory.

Company-operated store sales

Company-operated store sales are recognized, net of sales discounts, upon delivery of services and the service-related product.

The states and municipalities in which the Company operates impose sales tax on all of the Company's nonexempt revenue. The Company collects the sales tax from its customers and remits the entire amount to the appropriate taxing authority. The Company's policy is to exclude the tax collected and remitted from net revenue and direct costs. The Company accrues sales tax liabilities as it records sales, maintaining the amount owed to the taxing authorities in accrued expenses and other liabilities in the consolidated balance sheet.

Advertising contributions

Franchised and company-operated stores are generally required to contribute advertising dollars according to the terms of their respective contract (typically based on a percentage of sales) that are used for, among other activities, advertising the brand on a national and local basis, as determined by the brand's franchisor. The Company's franchisees make their contributions to a marketing fund which in turn administers and distributes their advertising contributions directly to the franchisor. This advertising fee revenue is recognized as the underlying sales occur. Advertising expenses are recorded as incurred. Revenues and expenses related to these advertising collections and expenditures are reported on a gross basis in the consolidated statements of income. The assets related to the advertising fund are considered restricted and disclosed as such on the Company's consolidated balance sheet.

Any excess or deficiency of advertising fee revenue compared to advertising expenditures, is recognized in the fourth quarter of the Company's fiscal year. Any excess of revenue over expenditures is recognized only to the extent of previously recognized deficits. When advertising revenues exceed the related advertising expenses and there is no recovery of a previously recognized deficit of advertising revenues, advertising costs are accrued up to the amount of revenues.

Supply and other revenue

Supply and other revenue includes revenue related to product sales, vendor incentive revenue, insurance licensing fees, store leases, software maintenance fees and automotive training services revenue. Supply and other revenue is recognized once title of goods is transferred to franchisees or other independent parties, as the sales of the related products occur, or ratably. Vendor incentive revenue is recognized as sales of the related product occur. Insurance licensing fee revenue is generated when the Company is acting as an agent on behalf of its franchisees and is recognized once title of goods is transferred to franchisees. The insurance license revenue is presented net of any related expense with any residual revenue reflecting the management fee the Company charges for the program. Store lease revenue is recognized ratably over the underlying property lease term. Software maintenance fee revenue is recognized monthly in connection with providing and servicing software. Automotive training services provided to third party shop owner/operators in accordance with agreed upon contract terms. These contracts may be for one-time shop visits or agreements to receive access to education and training programs for multiple years. For one-time shop visits, revenue is recognized at the time the service is rendered. For the multi-year education and training contracts, revenue is recognized ratably over the contract term.

Assets Recognized from the Costs to Obtain a Contract with a Customer:

The Company has elected a practical expedient to expense costs as incurred for costs to obtain a contract when the amortization period would have been one year or less. The Company records contract assets for the incremental costs of obtaining a contract with a customer if we expect the benefit of those costs to be longer than one year and if such costs are material. Commission expenses, a primary cost associated with the sale of franchise licenses, are amortized to selling, general and administrative expenses in the consolidated statements of income ratably over the life of the associated franchise agreement.

Contract Balances

The Company generally records a contract liability when cash is provided for a contract with a customer before the Company has completed its contractual performance obligation. This includes cash payments for initial franchise fees as well as upfront payments on store owner consulting and education contracts. Franchise fees and shop owner consulting contract payments are recognized over the life of the agreement, which range from five to 20 and three to four year terms, respectively.

Company-Operated Store Expenses

Company-operated store expenses consist of payroll and benefit costs for employees at company-operated locations, as well as rent, costs associated with procuring materials from suppliers, and other store-level operating costs. The Company receives volume rebates based on a variety of factors which are included in accounts receivable on the accompanying consolidated balance sheet and accounted for as a reduction of company-operated store expenses as they are earned. Sales discounts received from suppliers are recorded as a reduction of the cost of inventory. Advanced rebates are included in accrued expenses and other liabilities on the accompanying consolidated balance sheet and are accounted for as a reduction of company-operated store expenses as they are earned over the term of the supply agreement. Additionally, the Company includes subleasing expense associated with the subleasing of store buildings to franchisees within supply and other expenses in the consolidated statements of income.

Store Opening Costs

Store opening costs consist of employee, facility, and grand opening marketing costs that company-operated stores incur prior to opening. The Company typically incurs store opening costs when opening new company-operated stores and when converting independently branded, acquired company-operated stores to one of its brands. These expenses are charged to expense as incurred.

Equity-based Compensation

The Company recognizes expense related to equity-based compensation awards over the service period (generally the vesting period) in the consolidated financial statements based on the estimated fair value of the award on the grant-date.

Fair Value of Financial Instruments

Fair value measurements enable the reader of the financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values. The Company classifies and discloses assets and liabilities carried at fair value in one of the following three categories.

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity as the ability to access at the measurement date,

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; or

Level 3: Inputs are unobservable inputs for the asset or liability. Unobservable inputs are used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.

Financial assets and liabilities measured at fair value on a recurring basis as of December 25, 2021 are summarized as follows:

(in thousands)	Level 1	Significant other observable inputs (Level 2)	Total
Mutual fund investments held in rabbi trust	$ 976	$ —	$ 976
Derivative liabilities designated as hedging instruments	$ —	$ 536	$ 536

Financial assets and liabilities measured at fair value on a recurring basis as of December 26, 2020 are summarized as follows:

(in thousands)	Level 1	Significant other observable inputs (Level 2)	Total
Mutual fund investments held in rabbi trust	$ 704	$ —	$ 704
Derivative assets not designated as hedging instruments	$ —	$ 227	$ 227

The fair value of the Company's derivative instruments are derived from valuation models, which use observable inputs such as quoted market prices, interest rates and forward yield curves.

The Company estimates the fair values of financial instruments using available market information and appropriate valuation methodologies. However, considerable judgment is required in interpreting market data to develop estimates of fair value for non-traded financial instruments. Accordingly, such estimates are not necessarily indicative of the amounts that the Company would realize in a current market exchange. The carrying amount for cash and cash equivalents, accounts receivable, inventory, other current assets, accounts payable and accrued expenses approximate fair value because of their short maturities.

The carrying value and estimated fair value of total long-term debt were as follows:

	December 25, 2021		December 26, 2020	
(in thousands)	Carrying value	Estimated fair value	Carrying value	Estimated fair value
Long-term debt	$ 1,881,671	$ 1,913,792	$ 1,438,461	$ 1,493,052

Accumulated Other Comprehensive Income (Loss)

The following tables present changes, net of tax, in each component of accumulated other comprehensive income (loss).

(in thousands)	Foreign currency translation adjustment	Cash flow hedges	Accumulated other comprehensive income (loss)
Balance at December 28, 2019	$ 3,626	$ —	$ 3,626
Net change for year	(2,031)	—	(2,031)
Balance at December 26, 2020	$ 1,595	$ —	$ 1,595
Net change for year	(2,546)	(672)	(3,218)
Balance at December 25, 2021	$ (951)	$ (672)	$ (1,623)

Income Taxes

The Company accounts for income taxes under the liability method whereby deferred tax assets and liabilities are measured using enacted tax laws and rates expected to apply to taxable income in the years in which the assets and liabilities are expected to be recovered or settled. The effects on deferred tax assets and liabilities of subsequent changes in the tax laws and rates are recognized in income during the year the changes are enacted.

In assessing the realizability of deferred tax assets, management considers whether it is more-likely-than-not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences

become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies in making this assessment.

The Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized on the consolidated financial statements from such positions are measured based on the largest benefit that has a greater than fifty percent likelihood of being realized upon settlement with tax authorities. The Company records any interest and penalties associated as additional income tax expense in the consolidated statements of income.

Deferred Financing Costs

The costs related to the issuance of debt are presented in the balance sheet as a direct deduction from the carrying amount of that debt and amortized over the terms of the related debt agreements as interest expense using the effective interest method.

Insurance Reserves

The Company is partially self-insured for employee medical coverage. The Company records a liability for the ultimate settlement of claims incurred as of the balance sheet date based upon estimates provided by the third-party that administers the claims on the Company's behalf. The Company also reviews historical payment trends and knowledge of specific claims in determining the reasonableness of the reserve. Adjustments to the reserve are made when the facts and circumstances of the underlying claims change. If the actual settlements of the medical claims are greater than the estimated amount, additional expense will be recognized.

Foreign Currency Translation

We translate assets and liabilities of non-U.S. operations into U.S. dollars at rates of exchange in effect at the balance sheet date, and revenues and expenses at the average exchange rates prevailing during the period. Resulting translation adjustments are recorded as a separate component of other comprehensive income (loss). Transactions resulting in foreign exchange gains and losses are included in the consolidated statements of income.

Recently Issued Accounting Standards

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. This ASU provides optional expedient and exceptions for applying generally accepted accounting principles to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. In response to the concerns about structural risks of interbank offered rates and, particularly, the risk of cessation of LIBOR, regulators in several jurisdictions around the world have undertaken reference rate reform initiatives to identify alternative reference rates that are more observable or transaction based and less susceptible to manipulation. The ASU provides companies with optional guidance to ease the potential accounting burden associated with transitioning away from reference rates that are expected to be discontinued. This guidance is effective immediately and the amendments may be applied prospectively through December 31, 2022. The Company is evaluating the impact of adopting this new accounting guidance.

Note 3—Accounts and Notes Receivable, net

Accounts and notes receivable, net consisted of the following:

(in thousands)	December 25, 2021	December 26, 2020
Accounts receivable	$ 121,717	$ 96,742
Notes receivable	4,726	6,207
Total gross receivables	126,443	102,949
Less allowance for doubtful accounts	(18,421)	(19,061)
Less current portion of accounts and notes receivable	(105,838)	(80,220)
Notes receivable, long term	$ 2,184	$ 3,668

The changes in the allowance for accounts and notes receivable for the year ended December 25, 2021 and December 26, 2020 were as follows:

(in thousands)	
Balance as of December 29, 2019	$ 16,480
Bad debt expense	7,002
Write-off of uncollectible receivables	(4,421)
Balance at December 26, 2020	$ 19,061
Bad debt expense, net of recoveries	1,763
Write-off of uncollectible receivables	(2,403)
Balance at December 25, 2021	$ 18,421

Note 4—Business Combinations

The Company strategically acquires companies in order to increase its footprint and offer products and services that diversify its existing offerings. These acquisitions are accounted for as business combinations using the acquisition method, whereby the purchase price is allocated to the assets acquired and liabilities assumed, based on their estimated fair values at the date of the acquisition.

2021 Acquisitions

Maintenance

The Company also completed 8 acquisitions representing 13 maintenance sites, each individually immaterial (the "2021 Maintenance Acquisitions"), which were deemed to be business combinations, during the year ended December 25, 2021. The aggregate cash consideration for these acquisitions, net of cash acquired and liabilities assumed, was $37 million.

The provisional amounts for assets acquired and liabilities assumed for these 2021 acquisitions are as follows:

(in thousands)		
Assets:		
Cash	$	2
Land and improvements		4,425
Building		13,220
Equipment		1,450
Inventory		200
Deferred tax assets		90
Asset held for sale		3,275
		22,662
Liabilities:		
Prepaid liability		52
Liabilities assumed		52
Net assets acquired		22,610
Total consideration		37,271
Goodwill	$	14,661

Paint, Collision and Glass

In addition, the Company completed two acquisitions representing 12 collision sites, each individually immaterial, which are Paint, Collision & Glass (the "2021 PC&G Acquisitions") during the year ended December 25, 2021, which were deemed to be business combinations. The aggregate cash consideration for these acquisitions, net of cash acquired and liabilities assumed, was $33 million.

The provisional amounts for assets acquired and liabilities assumed for these 2021 acquisitions are as follows:

(in thousands)		
Assets:		
Right of use asset	$	7,672
Equipment		1,512
Inventory		107
Intangibles, net		6,707
Assets acquired		15,998
Liabilities:		
Accrued liability		5
Lease liability		7,664
Off-market lease component		99
Liabilities assumed		7,768
Net assets acquired		8,230
Total consideration		32,972
Goodwill	$	24,742

In addition, during the twelve months ended December 25, 2021, the Company completed 9 acquisitions composed of one site each, each individually immaterial, each of which were deemed to be asset acquisitions in the Maintenance segment as the fair value of assets acquired is substantially all land and buildings. The aggregate consideration paid for the Maintenance assets acquisitions $7 million.

2021 Disposition

On April 27, 2021, the Company disposed of its 70% owned subsidiary, At-Pac Auto Parts Inc., for consideration of $2 million. As a result of the sale, a loss of less than $1 million was recognized within selling, general, and administrative expenses during the year ended December 25, 2021. Also, a noncontrolling interest of $1 million was derecognized.

2020 Acquisitions

On April 20, 2020, the Company acquired 100% of the outstanding equity of Fix Auto, a franchisor and operator of collision repair centers, for $29 million, net of cash received of approximately $2 million. This acquisition resulted in the Company acquiring 150 franchised locations and 10 company-operated locations and increases the Company's collision services footprint. None of the goodwill associated with this acquisition is deductible for income tax purposes.

The following table presents the final purchase price allocation for the Fix Auto acquisition, which was deemed to be a business combination:

(in thousands)	April 20, 2020
Assets:	
Cash	$ 2,020
Accounts and notes receivable, net	2,317
Inventory	414
Prepaid and other assets	293
Operating lease right-of-use assets	7,520
Fixed assets	1,023
Definite-lived intangibles	15,200
Assets acquired	28,787
Liabilities:	
Accounts payable	1,835
Accrued expenses and other liabilities	2,919
Operating lease liability	7,520
Income taxes payable	673
Deferred income tax liability	3,770
Liabilities assumed	16,717
Net assets acquired	12,070
Total consideration	31,460
Goodwill	$ 19,390

A summary of total consideration for Fix Auto is as follows:

(in thousands)	
Cash	$ 28,517
Fair value of contingent consideration	2,943
Total consideration	$ 31,460

Intangible assets acquired from Fix Auto include franchise agreements with a weighted-average useful life of 12.5 years and a license agreement that has an estimated useful life of seven years.

The purchase agreement for Fix Auto includes potential earn-out payments of up to $10 million based on adjusted EBITDA results for fiscal year 2020 and up to $15 million for adjusted EBITDA results for fiscal year 2021. Based on updates to the projected adjusted EBITDA results for fiscal year 2021, the Company recorded an additional $1 million liability related to this earn-out as of December 26, 2020. The $4 million liability is recorded as a component of Accrued expenses and other liabilities on the consolidated balance sheet. The Company recorded a $4 million benefit to Acquisition costs in the Consolidated Statement of Operations during the year ended December 25, 2021 related to the reversal of the liability as the payment of contingent consideration was deemed to be remote.

The Company incurred $2 million of transaction-related expenses as a result of this transaction, which were recorded as operating expenses during the year ended ended December 26, 2020.

The Company also completed two additional business acquisitions, each individually immaterial, which represent tuck-in acquisitions within the Company's Maintenance segment. The Company paid a total of $4 million of cash consideration, net of cash received, related to these acquisitions.

The Company updated its purchase accounting estimates during the year ended December 26, 2020 for the above noted acquisitions and, as a result, recorded an additional $5 million of goodwill during the year ended December 26, 2020. This adjustment primarily related to updated valuations received for certain acquired intangible assets for Clairus.

Note 5 —Property and Equipment

Property and equipment at December 25, 2021 and December 26, 2020 consisted of the following:

(in thousands)	December 25, 2021	December 26, 2020
Buildings	$ 21,796	$ 7,547
Land	3,696	770
Furniture and fixtures	17,855	16,497
Computer equipment and software	29,336	19,777
Shop equipment	21,702	18,091
Leasehold improvements	146,169	124,389
Finance lease right-of-use assets/capital leases	23,366	11,990
Vehicles	2,664	3,116
Construction in progress	36,697	19,943
Total property and equipment	303,281	222,120
Less: accumulated depreciation	(80,411)	(56,494)
Total property and equipment, net	$ 222,870	$ 165,626

Depreciation expense was $24 million and $18 million for the years ended December 25, 2021and December 26, 2020, respectively.

Note 6 —Goodwill and Other Intangible Assets

Changes in the carrying amount of goodwill for the years ended December 25, 2021 and December 26, 2020 are as follows:

(in thousands)	Total
Balance at December 28, 2019	870,619
Acquisitions	20,595
Purchase price adjustments	4,921
Foreign exchange	2,404
Balance at December 26, 2020	$ 898,539
Acquisitions	39,403
Purchase price adjustments	(708)
Foreign exchange	903
Balance at December 25, 2021	$ 938,137

Intangible assets for the years ended December 25, 2021 and December 26, 2020 are as follows:

	Amortizable						Indefinite - Lived	
(in thousands)	Franchise Agreements	License Agreements	Membership Agreements	Customer Relationships	Developed Technology	Other	Trademarks	Total
Balance at December 26, 2020								
Gross carrying value	$ 218,413	$ 12,036	$ 11,600	$ 59,270	$ 25,806	$ 9,554	$ 396,561	$733,240
Accumulated amortization	(40,858)	(1,731)	(1,759)	(4,890)	(17,655)	(9,554)	—	(76,447)
Net carrying value	$ 177,555	$ 10,305	$ 9,841	$ 54,380	$ 8,151	$ —	$ 396,561	$656,793
Balance at December 25, 2021								
Gross carrying value	$ 223,626	$ 12,044	$ 11,600	$ 59,585	$ 25,882	$10,729	$ 396,845	$740,311
Accumulated amortization	(49,529)	(3,091)	(3,270)	(8,797)	(19,079)	(10,729)	—	(94,495)
Net carrying value	$ 174,097	$ 8,953	$ 8,330	$ 50,788	$ 6,803	$ —	$ 396,845	$645,816

Intangible assets with definite lives are being amortized on a straight-line basis over the estimated useful life of each asset, typically 14 to 30 years for franchise agreements, seven to 20 years for license agreements, 14 to 16 years for customer relationships, and three to eight years for developed technology.

During the year ended December 26, 2020, the Company elected to discontinue the use of a trade name and, as a result, recognized a $3 million impairment charge, which is included as a component of Asset impairment charges in the consolidated statement of income.

Amortization expense was $17 million and $18 million for the years ended December 25, 2021 and December 26, 2020, respectively.

Amortization expense related to intangible assets for the next five fiscal years and thereafter is as follows:

(in thousands)	
2022	$ 19,879
2023	19,294
2024	16,890
2025	16,844
2026	16,359
Thereafter	159,705
Total amortization	$ 248,971

Note 7— Revenue from Contracts with Customers

The Company records contract assets for the incremental costs of obtaining a contract with a customer if it expects the benefit of those costs to be longer than one year and if such costs are material. Commission expenses, a primary cost associated with the sale of franchise licenses, are amortized to selling, general and administrative expenses in the consolidated statements of income ratably over the life of the associated franchise agreement.

Capitalized costs to obtain a contract as of December 25, 2021 and December 26, 2020 were $11 million and $9 million, respectively, and were presented within deferred commissions on the consolidated balance sheets. The Company recognized an immaterial amount of costs during the years ended December 25, 2021 and December 26, 2020, respectively, that were recorded as a contract asset at the beginning of the year.

Contract liabilities consist primarily of deferred franchise fees and deferred development fees. The Company has contract liabilities of $27 million and $21 million as of December 25, 2021 and December 26, 2020, respectively, which are presented within deferred revenue on the consolidated balance sheets. The Company recorded an immaterial amount of revenue during the years ended December 25, 2021 and December 26, 2020, respectively, that was recorded as a contract liability as of the beginning of the year.

Note 8—Long-term Debt

Our long-term debt obligations consist of the following:

(in thousands)	December 25, 2021	December 26, 2020
Series 2018-1 Securitization Senior Notes, Class A-2	$ 264,688	$ 267,438
Series 2019-1 Securitization Senior Notes, Class A-2	291,000	294,000
Series 2019-2 Securitization Senior Notes, Class A-2	268,813	271,563
Series 2020-1 Securitization Senior Notes, Class A-2	172,375	174,125
Series 2020-2 Securitization Senior Notes, Class A-2	445,500	450,000
Series 2021-1 Securitization Senior Notes, Class A-2	448,875	—
Other debt [(1)]	27,385	15,845
Total debt	1,918,636	1,472,971
Less: debt issuance costs	(36,965)	(34,510)
Less: current portion of long-term debt	(21,527)	(16,563)
Total long-term debt, net	$ 1,860,144	$ 1,421,898

[(1)] Amount primarily consists of finance lease obligations.

2015-1 Securitization Senior Notes

On July 31, 2015, Driven Brands Funding, LLC (the "Master Issuer") issued $410 million 2015-1 5.216% Fixed Rate Securitization Senior Notes (the "2015 Senior Notes"). The 2015 Senior Notes have a final legal maturity date of July 20, 2045; however, they have an anticipated repayment date of July 20, 2022, with accrued interest paid quarterly. The 2015 Senior Notes are secured by substantially all assets of the Master Issuer and guaranteed by Driven Funding Holdco, LLC and various subsidiaries of the Master Issuer and, as of July 6, 2020, also became secured by substantially all assets of Driven Brands Canada Funding Corporation (the "Canadian Co-Issuer" and, together with the Master Issuer, the "Master Co-Issuers"), and guaranteed by Driven Canada Funding HoldCo Corporation and various subsidiaries of the Canadian Co-Issuer. The Company capitalized $9 million of debt issuance costs related to the 2015. On December 14, 2020, the 2015 Senior Notes were paid in full and approximately $2 million of debt issuance costs were written off to loss on debt extinguishment.

2016-1 Securitization Senior Notes

On May 20, 2016, the Master Issuer issued $45 million 2016-1 6.125% Fixed Rate Securitization Senior Notes (the "2016 Senior Notes"). The 2016 Senior Notes have a final legal maturity date of July 20, 2046; however, they have an anticipated repayment date of July 20, 2022, with accrued interest paid quarterly. The 2016 Senior Notes are secured by substantially all assets of the Master Issuer and, as of July 6, 2020, the Canadian Co-Issuer, which also became a co-issuer of the 2016-1 Securitization Senior Notes, and are guaranteed by the Securitization Entities (including, as of July 6, 2020, Driven Canada Holdco and various subsidiaries of the Canadian Co-Issuer). The Company capitalized $2 million of debt issuance costs related to the 2016 Senior Notes. On December 14, 2020 the 2016 Senior Notes were paid in full and approximately $1 million of debt issuance costs were written off to loss on debt extinguishment.

2018-1 Securitization Senior Notes

On April 24, 2018, the Issuer issued $275 million Series 2018-1 4.739% Fixed Rate Senior Secured Notes, Class A-2 (the "2018 Senior Notes"). The 2018 Senior Notes have a final legal maturity date of April 20, 2048; however, they have an anticipated repayment date of April 20, 2025, with accrued interest paid quarterly. The 2018 Senior Notes are secured by substantially all assets of the Issuer and are guaranteed by the Securitization Entities. The Company capitalized $7 million of debt issuance costs related to the 2018 Senior Notes.

2019-1 Securitization Senior Notes

On March 19, 2019, the Issuer issued $300 million Series 2019-1 4.641% Fixed Rate Senior Secured Notes, Class A-2 (the "2019-1 Senior Notes"). $90 million of the proceeds of the issuance of the 2019-1 Senior Notes on the issuance day were used to fund a deposit into the Pre-Funding Account. The Pre-Funding Account is intended to be used on account of growth and to fund eligible acquisitions. As of December 28, 2019, all proceeds were used to fund acquisitions in the period. The 2019-1 Senior Notes have a final legal maturity date of April 20, 2049; however, they have an anticipated repayment date of April 20, 2026, with accrued interest paid quarterly. The 2019-1 Senior Notes are secured by substantially all assets of the Issuer and are guaranteed by the Securitization Entities. The Company capitalized $6 million of debt issuance costs related to the 2019-1 Senior Notes.

2019-2 Securitization Senior Notes

On September 16, 2019, the Issuer issued $275 million Series 2019-1 3.981% Fixed Rate Senior Secured Notes, Class A-2 (the "2019-2 Senior Notes"). $75 million of the proceeds of the issuance of the 2019-2 Senior Notes on the issuance day were used to fund a deposit into the Pre-Funding Account. The Pre-Funding Account is intended to be used on account of growth and to fund eligible acquisitions. As of December 28, 2019, all proceeds were used to fund acquisitions in the period. The 2019-2 Senior Notes have a final legal maturity date of October 20, 2049; however, they have an anticipated repayment date of October 20, 2026, with accrued interest paid quarterly. The 2019-2 Senior Notes are secured by substantially all assets of the Issuer and are guaranteed by the Securitization Entities. The Company capitalized $6 million of debt issuance costs related to the 2019-2 Senior Notes.

Series 2019-3 Variable Funding Securitization Senior Notes

On December 11, 2019, the Issuer issued Series 2019-3 Variable Funding Senior Notes (the "2019 VFN") in the revolving amount of $115 million. The 2019 VFN have a final legal maturity date of January 20, 2050. The commitment under the 2019 VFN expires on July 20, 2022, and is subject to three one-year extensions at the election of the Company. The 2019 VFN are secured by substantially all assets of the Issuer and are guaranteed by the Securitization Entities. The Issuer may elect interest at the Base Rate plus an applicable margin or LIBOR plus an applicable margin (the LIBOR rate as the applicable interest rate). The Company capitalized $1 million of debt issuance costs related to the 2019-3 VFN. No amounts were outstanding under the 2019 VFN as of December 25, 2021 and December 26, 2020. As of December 25, 2021, there were $18 million of outstanding letters of credit that reduced the borrowing availability under the 2019 VFN.

2020-1 Securitization Senior Notes

On July 6, 2020, the Master Co-Issuers, each wholly owned indirect subsidiaries of the Company, issued $175 million 2020-1 Securitization Senior Notes (the "2020-1 Senior Notes"). The 2020-1 Senior Notes have a final legal maturity date of July 20, 2050; however, they have an anticipated repayment date of July 20, 2027, with accrued interest paid quarterly. The 2020-1 Senior Notes are secured by substantially all assets of the Master Co-Issuers and are guaranteed by the Canadian Co-Issuer and various subsidiaries of the Canadian Co-Issuer. The Company capitalized $11 million of debt issuance costs related to the 2020-1 Senior Notes.

2020-2 Securitization Senior Notes

On December 14, 2020, the Master Co-Issuers, each wholly owned indirect subsidiaries of the Company, issued $450 million 2020-2 Securitization Senior Notes (the "2020-2 Senior Notes"). The 2020-2 Senior Notes have a final legal maturity date of January 20, 2051; however, they have an anticipated repayment date of January 20, 2028, with accrued interest paid quarterly. The 2020-2 Senior Notes are secured by substantially all assets of the Master Co-Issuers and are guaranteed by the Securitization Entities. The Company capitalized $8 million of debt issuance costs related to the 2020-2 Senior Notes. The Company used the proceeds of these notes to fully repay the 2015-1 Senior Notes and 2016-1 Senior Notes detailed above.

2021-1 Securitization Senior Notes

On September 29, 2021, the Co-Issuers issued $450 million of 2021-1 Securitization Senior Notes (the "2021-1 Senior Notes") bearing a fixed interest rate of 2.791% per annum. The 2021-01 Senior Notes have a final legal maturity date of October 20, 2051 and an anticipated repayment date of October 20, 2028. The 2021-1 Senior Notes are secured by substantially all asset of the Co-issuers and are guaranteed by the Securitization Entities. A portion of the proceeds from the issuance of the 2021-1 Senior Notes were used to pay off the outstanding balance on the Revolving Credit Facility with the remainder to be used for general corporate purposes including future acquisitions. The Company capitalized $10 million of debt issuance costs related to the 2021-1 Senior Notes.

Other Debt

On April 24, 2020, the Company entered into a bridge loan with a financial institution in the amount of $40 million, which was used to help finance 2020 acquisitions. The interest rate was based on LIBOR plus an applicable margin. The Company capitalized $1 million of debt issuance costs related to the bridge loan. The bridge loan was subsequently paid in full in 2021 and approximately $1 million of debt issuance costs were written off to loss on debt extinguishment.

Scheduled debt repayments for the next five fiscal years and thereafter is as follows:

(in thousands)		
2022	$	21,527
2023		21,437
2024		21,240
2025		274,757
2026		549,420
Thereafter		1,030,255
Total future repayments	$	1,918,636

Guarantees and Covenants of the Notes

Substantially all of the assets of the Company, including most of the domestic and certain of the foreign revenue-generating assets, which principally consist of franchise-related agreements, certain company-operated stores, certain product distribution agreements, intellectual property and license agreements for the use of intellectual property, are owned by subsidiaries of the Master Issuer, and are pledged to secure the Notes. The restrictions placed on the Master Issuer and its subsidiaries require that interest and principal (if any) on the Notes be paid prior to any residual distributions to the Company, and amounts are segregated weekly to ensure appropriate funds are reserved to pay the quarterly interest and principal (if any) amounts due. The amount of weekly cash flow that exceeds all expenses and obligations of the Master Issuer and its subsidiaries (including required reserve amounts) is generally remitted to the Company in the form of a dividend.

The Notes are subject to certain quantitative covenants related to debt service coverage and leverage ratios. In addition, the agreements related to the Notes also contain various affirmative and negative operating and financial reporting covenants which are customary for such debt instruments. These covenants, among other things, limit the ability of the Master Issuer and its subsidiaries to sell assets; engage in mergers, acquisitions, and other business combinations; declare dividends or redeem or repurchase capital stock; incur, assume, or permit to exist additional indebtedness or guarantees; make loans and investments; incur liens; and enter into transactions with affiliates. In the event that certain covenants are not met, the Notes may become fully due and payable on an accelerated schedule. In addition, the Master Issuer may voluntarily prepay, in part or in full, any series of Class A-2 Notes at any time, subject to certain make-whole obligations.

As of December 25, 2021, the Master Issuer was in compliance with all covenants under the agreements discussed above.

Driven Brands, Inc. has no material separate cash flows or assets or liabilities as of December 25, 2021. All business operations are conducted through its operating subsidiaries and it has no material independent operations. Driven Brands, Inc. has no other material commitments or guarantees. As a result of the restrictions described above, certain of the subsidiaries' net assets are effectively restricted in their ability to be transferred to Driven Brands, Inc. as of December 25, 2021.

Note 9 Leases

The Company's lease and sublease portfolio primarily consists of the real property leases related to franchisee service centers and company-operated service center locations, as well as office space and various vehicle and equipment leases. Leases for real property generally have terms ranging from 10 to 40 years, with most having one or more five-year renewal options. The Company does not include option periods in its determination of the lease term unless renewals are deemed reasonably certain to be exercised. Equipment and vehicle leases generally have

terms ranging from one to five years. The Company's portfolio of leases does not contain any material residual value guarantees or restrictive covenants.

Our property lease agreements contain a lease component, which includes the right to use the real estate, and non-lease components, which include utilities and common area maintenance services. Lease components are accounted for under the ASC Topic on Leases, while non-lease components are accounted for under other GAAP Topics. We elected the practical expedient to account for the lease and non-lease components for property leases as a single lease component. Additional variable rent payments made during the lease term are not based on a rate or index and are excluded from the calculation of lease liabilities and are recognized as a component of variable lease expense as incurred. The Company's vehicle and equipment leases are comprised of a single lease component.

Finance lease right-of-use assets are depreciated on a straight-line basis over the lesser of the useful life of the leased asset or lease term. Finance lease liabilities are recognized using the effective interest method, with interest determined as the amount that results in a constant periodic discount rate on the remaining balance of the liability. Interest associated with finance lease liabilities is recognized in Interest expense, net, on the consolidated statements of income and is included in changes in accrued liabilities in the consolidated statements of cash flows. The principal portion of finance lease liabilities is included in other, net in the consolidated statements of cash flows.

The following table details our total investment in operating and finance leases where the Company is the lessee:

(in thousands)	December 25, 2021	December 26, 2020
Right-of-use assets		
Finance leases [(b)]	$ 23,366	$ 11,990
Operating leases	312,470	304,030
Total right-of-use assets	$ 335,836	$ 316,020
Current lease liabilities		
Finance leases [(c)]	$ 2,209	$ 1,497
Operating leases [(d)]	26,656	32,739
Total current lease liabilities	$ 28,865	$ 34,236
Long-term lease liabilities		
Finance leases [(e)]	$ 22,336	$ 12,104
Operating leases	295,897	280,081
Total long-term lease liabilities	$ 318,233	$ 292,185

(a) Adoption date of ASC 842.
(b) Finance lease right-of-use assets are included in property and equipment, net on the consolidated balance sheet.
(c) Current finance lease liabilities are included in current portion of long-term debt on the consolidated balance sheet.
(d) Current operating lease liabilities are included in accrued expenses and other liabilities on the consolidated balance sheet.
(e) Long-term finance lease liabilities are included in long-term debt on the consolidated balance sheet.

The lease cost for operating and finance leases recognized in the consolidated statement of income were as follows for the year ended December 25, 2021 and December 26, 2020:

(in thousands)	December 25, 2021	December 26, 2020
Finance lease expense:		
Amortization of right-of-use assets	$ 1,362	$ 969
Interest on lease liabilities	853	548
Operating lease expense	50,146	50,224
Short-term lease expense	433	192
Variable lease expense	865	614
Total lease expense, net	$ 53,659	$ 52,547

The Company recorded a $3 million impairment loss during the year ended December 26, 2020 related to Company's decision to exit certain leased locations.

The Company also subleases certain facilities to franchisees and recognized $6 million and $7 million in sublease revenue during the years ended December 25, 2021 and December 26, 2020, respectively, as a component of supply and other revenue on the consolidated statements of income.

In April 2020, the Financial Accounting Standards Board issued guidance allowing entities to make a policy election to account for lease concessions related to the COVID-19 pandemic as though enforceable rights and obligations for those concessions existed. The election applies to any lessor-provided lease concession related to the impact of the COVID-19 pandemic, provided the concession does not result in a substantial increase in the rights of the lessor or in the obligations of the lessee. During the year ended December 26, 2020, we received concessions from certain landlords in the form of rent deferrals of approximately $2 million and an immaterial amount of rent abatements. We have elected to account for these rent concessions as though enforceable rights and obligations for those concessions existed in the original lease agreements and, as a result, the lease concessions were not considered modifications of the existing lease contract.

The weighted average remaining lease term as of December 25, 2021 was 12.14 years for finance leases and 10.17 years for operating leases. The weighted average discount rate as of December 25, 2021 was 5.01% for finance leases and 4.52% for operating leases.

The weighted average remaining lease term as of December 26, 2020 was 11.3 years for finance leases and 10.6 years for operating leases. The weighted average discount rate as of December 26, 2020 was 5.78% for finance leases and 4.81% for operating leases.

Supplemental cash flow information related to the Company's lease arrangements were as follows for the year ended December 25, 2021 and December 26, 2020:

(in thousands)	December 25, 2021	December 26, 2020
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows used in operating leases	$ 47,724	$ 45,321
Operating cash flows used in finance leases	853	488
Financing cash flows used in finance leases	639	187
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	$ 56,613	$ 347,991
Finance leases	15,095	11,238

As of December 25, 2021, future minimum lease payments under noncancellable leases were as follows:

(in thousands)	Finance	Operating	Receipts from subleases
2022	$ 3,660	$ 49,859	$ 6,647
2023	3,653	48,597	5,528
2024	3,378	45,673	2,618
2025	3,167	43,093	2,103
2026	3,033	38,652	1,728
Thereafter	23,482	210,245	6,077
Total undiscounted cash flows	40,373	436,119	$ 24,701
Less: Present value discount	15,828	113,566	
Less: Current lease liabilities	2,209	26,656	
Long-term lease liabilities	$ 22,336	$ 295,897	

Note 10—Income Taxes

The components of our income tax expense were as follows:

	Year Ended	
(in thousands)	December 25, 2021	December 26, 2020
Current:		
Federal	$ 7,239	$ (825)
State	3,548	3,328
Foreign	421	4,108
Deferred:		
Federal	16,760	3,104
State	2,021	2,646
Foreign	(3,747)	1,044
Total income tax expense	$ 26,242	$ 13,405

Deferred tax assets (liabilities) are comprised of the following:

(in thousands)	December 25, 2021	December 26, 2020
Deferred tax asset		
Accrued liabilities	$ 7,585	$ 6,349
Accounts receivable allowance	4,590	4,735
Net operating loss carryforwards	4,397	16,618
Lease liabilities	79,402	81,450
Interest expense limitation	3,491	5,638
Deferred revenue	6,447	4,701
Other deferrred assets	294	410
Total deferred tax asset	106,206	119,901
Less valuation allowance	(1,156)	(668)
Net deferred tax asset	105,050	119,233
Deferred tax liabilities		
Goodwill and intangible assets	154,134	154,875
Right of use lease assets	76,639	79,000
Fixed asset basis differences	5,210	2,145
Unrealized foreign exchange differences	1,101	1,217
Other deferred liabilities	3,973	2,438
Total deferred liabilities	241,057	239,675
Net deferred liabilities	$ 136,007	$ 120,442

The Company's effective tax rate for the year ended December 25, 2021, differs from the federal statutory rate primarily due to state tax expense and non-amortizable transaction costs. The Company's effective tax rate for the year ended December 26, 2020 differs from the federal statutory rate primarily due to state tax expense and recording of uncertain tax positions.

As of December 26, 2020, Driven Brands had a liability for uncertain tax positions of approximately $2 million. During 2021, the Company reduced the liability for uncertain tax positions by approximately $0.3 million. The Company has elected to treat interest and penalties associated with uncertain tax position as tax expense. The Company does not estimate any change to the position in the next 12 months. Based on management analysis, the Company does not believe any historical unrecognized tax benefits significantly changed during the years ended December 25, 2021 or December 26, 2020. The Company does not believe any remaining unrecognized tax benefits will significantly change in the next fiscal year.

The Company files income tax returns in the U.S., Canada, and various state and foreign jurisdictions. Examinations by various taxing authorities covering years 2014 to 2020 are on-going. The Company is generally subject to income tax examinations for years 2015 through 2020 and believes appropriate provisions for all outstanding matters have been made for all jurisdictions and open years.

As of December 25, 2021, the Company has no pre-tax federal operating loss carry forwards. State tax effected net operating loss carryforwards are $2 million for which portions begin to expire in the current year. Some of the federal net operating losses are subject to certain limitations under IRC Sect. 382, however, the Company believes that these losses are more likely than not to be utilized. As of December 25, 2021, the Company had Canada net operating loss carryforwards of $13 million for which portions of the operating loss carryforwards begin to expire in the current year. As of December 25, 2021, the Company had $295 million of goodwill that was deductible for tax purposes.

The Company has designated the undistributed earnings of its foreign operations as indefinitely reinvested and as a result the Company does not provide for deferred income taxes on the unremitted earnings of these subsidiaries. As of December 25, 2021, the determination of the amount of such unrecognized deferred tax liability is not practicable.

Note 11—Related-Party Transactions

The Company has an Inter-company receivable of $513 million at December 25, 2021 with the Driven Holdings LCC, its parent company, of which $384 million and $128 million is classified as current and noncurrent, respectively on the Consolidated Balance Sheet. The funds advanced were obtained from the issuance of Series 2021-1 Securitization Senior Notes and existing cash.

The Company has an advisory services agreement with an affiliate of the Ultimate Parent, which provides that the Company pay an annual advisory services fee to the Ultimate Parent in the amount of $1 million and an additional fee based on earnings growth since inception, plus certain out-of-pocket expenses incurred by the Ultimate Parent. For year ended December 26, 2020 the Company paid $5 million Ultimate Parent. The Company and Roark terminated all advisory services agreements in January 2021 in connection with the Company's initial public offering.

On June 8, 2015, the Company provided a loan of $1 million secured by a Promissory Note, which was scheduled to mature in July 2020 to an Executive of the Company in connection with that Executive's purchase of 1,500 Units of Driven Investor LLC. Those units were pledged to Driven Brands, Inc. as security for repayment of the loan. On February 7, 2020, the loan was settled and extinguished.

The Company made payments for facilities maintenance services in the aggregate amount of approximately $1.5 million during the year ended December 25, 2021 to Divisions Maintenance Group, an entity owned by affiliates of Roark Capital Management, LLC, which is related to the company's principal stockholders (Driven Equity Sub LLC, Driven Equity LLC, RC IV Cayman ICW Holdings Sub LLC and RC IV Cayman ICW Holdings LLC). The transactions were reviewed, ratified, and approved by the Audit Committee of the Company's Board of Directors in accordance with the Company's Related Person Transactions Policy.

Note 12—Employee Benefit Plans

The Company has a 401(k) plan that covers eligible employees as defined by the plan agreement. Employer contributions to the plan were $1 million and less than $1 million in 2021 and 2020.

The Company has a rabbi trust to fund the obligations of its non-qualified deferred compensation plan for its executive level employees, which became effective as of January 1, 2018. The rabbi trust comprises various mutual fund investments selected by plan participants. The Company records the mutual fund investment assets at fair value with any subsequent changes in fair value recorded in the consolidated statements of income. As such, offsetting changes in the asset values and defined contribution plan obligations would be recorded in earnings in the same period. The trust asset balances were $1 million and the deferred compensation plan liability balances were $1 million as of December 25, 2021 and December 26, 2020, respectively. The trust assets and liabilities are recorded within prepaid and other assets and accrued expenses and other liabilities, respectively, within the consolidated balance sheets.

Note 13—Equity Agreements and Incentive Equity Plan

On April 17, 2015, Driven Investor LLC entered into a limited liability company agreement (the Equity Plan). The Equity Plan, among other things, established the ownership of certain membership units in Driven Investor LLC and defined the distribution rights and allocations of profits and losses associated with those membership units. Additionally, the Equity Plan calls for certain restrictions regarding transfers of units, corporate governance and Board of Director representation. In April 2015, Driven Investor LLC established certain profits interest units as part of the award agreements (the Award Agreements). The Award Agreements provide for grants of certain profits interest units to employees, directors or consultants of Driven Investor LLC and Subsidiaries. For both the Profits Interest Time Units and Profits Interest Performance Units, if the grantee's continuous service terminated for any reason, the Grantee shall forfeit all right, title, and interest in and to any unvested units as of the date of such termination, unless the grantee's continuous service period is terminated by the Company without cause within the six-month period prior to the date of consummation of the change in control. In addition, the grantee shall forfeit all right, title, and interest in and to any vested units if the grantee was terminated for cause, breaches any post-termination covenants, or for failing to execute any general release required to be executed. The Profits Interest Performance Units were also subject to certain performance criteria which may cause the units not to vest.

On January 6, 2021, the Company's Board of Directors of the Parent's approved the 2021 Omnibus Incentive Plan (the "Plan") and effective January 14, 2021, the shareholders of the Parent adopted and approved the Plan in conjunction with Initial Public Offering ("IPO") of the Parent. The Plan provides for the granting of stock options, stock appreciation rights, restricted stock awards, restricted stock units, other stock-based awards, other cash-based awards or any combination of the foregoing to current and prospective employees and directors of, and consultants and advisors to, the Company and its affiliates. The maximum number of shares of common stock available for issuance under the Plan is 12,533,984 shares. In conjunction with the closing of the IPO, our Board granted awards under the Plan to certain of our employees, representing an aggregate of 5,582,522 shares of common stock. 5,097,380 shares of common stock were reserved for additional grants under the Plan at December 25, 2021.

Prior to IPO, the Parent's equity awards included Profits Interest Units as noted above. There were two forms of Profits Interest - Time Units and Performance Units. Time Units generally vested in five installments of 20% on each of the first five anniversaries of the grant date or vesting date, provided that the employee remained in continuous service on each vesting date. All outstanding Time Units were to vest immediately prior to the effective date of a consummated sale transaction. The Time Units were exchanged for time-based restricted stock awards in connection with the IPO. In addition, the Company granted time-based and performance-based options in connection with the IPO to most employees with Profit Interests (each an "IPO Option"). The exchange of Profits Interest - Time Units for time based time-based restricted stock awards did not require modification accounting.

The Performance Units were to vest immediately prior to the effective date of a consummated sale transaction or qualified public offering, including the IPO (a "Liquidity Event"). The percentage of vesting was based on achieving certain performance criteria. No vesting occurred as a result of the IPO as the minimum performance criteria threshold was not achieved. In connection with the IPO, the Performance Units were exchanged for performance-based restricted stock awards. The vesting conditions of the performance-based restricted stock awards were modified to vest subject to an additional performance condition. Employees who received IPO Options have the same vesting conditions for the performance-based portion of the IPO Options as the performance-based restricted stock awards.

The Company calculated the fair value of these performance-based restricted stock awards on the modification date and determined the fair value of these awards increased to $66 million as a result of modification. In addition, the grant date fair value of the performance-based IPO Options was $26 million. The fair value of the performance-based restricted stock awards and performance-based IPO Options was determined by using a Monte Carlo simulation, using the following assumptions: (i) an expected term of 4.96 years, (ii) an expected volatility of 40.6%, (iii) a risk-free interest rate of 0.48%, and (iv) no expected dividends.

There was approximately $6 million of unrecognized compensation expense related to the time-based restricted stock awards and time-based IPO Options at December 25, 2021, which is expected to be recognized over a weighted-average vesting period of 3.3 years.

There was approximately $90 million of unrecognized compensation expense related to the performance-based restricted stock awards and performance-based IPO Options at December 25, 2021. For the years ended December 25, 2021 and December 26, 2020, no compensation cost was recognized for the performance-based restricted stock awards and performance-based IPO Options given that none of the performance criteria were met or probable. Once the performance conditions are deemed probable, the Company will recognize compensation cost equal to the portion of the requisite service period that has elapsed. Certain former employees continued to hold performance-based awards after the IPO.

The Company's Parent established other new awards in connection with the IPO, including restricted stock units ("RSUs") and performance stock units ("PSUs"). Awards established in connection with the IPO may only vest provided that the employee remains in continuous service on each vesting date. The RSUs vest in three installments of 33% on each of the first three anniversaries of the grant date. The PSUs may vest after a three-year period and are contingent on achieving certain performance goals, one being a market condition and the other being a performance condition. The awards are considered probable of meeting vesting requirements or vest upon achieving a market condition, and therefore, have started recognizing expense. The fair value of the PSUs was determined by using a Monte Carlo simulation, using the following assumptions: (i) an expected term of 2.96 years, (ii) an expected volatility of 41.16%, (iii) a risk-free interest rate of 0.23%, and (iv) no expected dividend.

For all of the awards, excluding RSUs and PSUs, if the grantee's continuous service terminates for any reason, the grantee shall forfeit all right, title, and interest in and to any unvested units as of the date of such termination, unless the grantee's continuous service period is terminated by the Company without cause within the six-month period prior to the date of consummation of a Liquidity Event. In addition, the grantee shall forfeit all right, title, and interest in and to any vested units if the grantee resigns, is terminated for cause, breaches any post-termination covenants, or for failing to execute any general release required to be executed. For RSUs and PSUs, if the grantee's continuous service terminates for any reason, the grantee shall forfeit all right, title, and interest in any unvested units as of the termination date.

The Parent also established and granted restricted stock options ("RSOs") which vest provided that the employee remains in continuous service on the vesting date. The RSOs were granted at the stock price of the Company on the grant date and permit the holder to exercise them for 10 years from the grant date. The options generally vest on each of the forth anniversaries of the grant date, but such vesting could accelerate for certain options based on certain conditions under the award. The fair value of the RSOs was determined by using a Monte Carlo simulation, using the following assumptions: (i) an expected term of 7 years (ii) an expected volatility of 40.1%, (iii) a risk-free interest rate of 1.34%, and (iv) no expected dividend.

There was approximately $1 million of total unrecognized compensation cost related to the unvested RSUs at December 25, 2021, which is expected to be recognized over a weighted-average vesting period of 2.2 years. Also, there was approximately $26 million of total unrecognized compensation cost related to the unvested RSOs at December 25, 2021, which is expected to be recognized over a weighted-average vesting period of 4.0 years. In addition, there was approximately $3 million of total unrecognized compensation cost related to the unvested PSUs, which are expected to be recognized over a weighted-average vesting period of 2.1 years.

The Company recognized equity-based compensation expense of $2 million and $1 million in 2021 and 2020, respectively.

The following is a summary of the Parent's Profits Interest - Time Units and Performance Units for 2020.

	Time Units	Weighted Average Grant Date Fair Value, per unit	Performance Units	Weighted Average Grant Date Fair Value, per unit
Outstanding as of December 29, 2018	13,778	$ 501	24,736	$ 353
Forfeited/Cancelled	(197)	1,085	(100)	858
Outstanding as of December 28, 2019	13,581	492	24,636	351
Granted	13,055	696	25,597	693
Forfeited/Cancelled	(2,668)	976	(8,387)	894
Repurchases	(6,677)	288	—	—
Outstanding as of December 26, 2020	17,291	$ 652	41,846	$ 554

There were no stock grants, forfeitures or repurchases for the period from December 26, 2020 through the January 14, 2021. The existing Profits Interest - Time and Performance units were converted into new time and performance awards on January 14, 2021.

	Unvested Time Awards	Weighted Average Grant Date Fair Value, per unit	Unvested Performance Awards	Weighted Average Grant Date Fair Value, per unit
Outstanding as of January 14, 2021	610,477	$ 12.65	4,178,246	$ 15.79
Granted post-IPO	—	—	—	—
Forfeited/Cancelled	(17,304)	21.27	(84,737)	13.55
Vested	(164,868)	10.04	—	—
Outstanding as of December 25, 2021	428,305	$ 13.31	4,093,509	$ 15.84

The following are the Parent's restricted stock units and performance stock units granted in conjunction with or after the IPO:

	Unvested Time Units	Weighted Average Grant Date Fair Value, per unit	Unvested Performance Units	Weighted Average Grant Date Fair Value, per unit
Outstanding as of January 14, 2021 (pre-IPO)	—	$ —	—	$ —
Granted post-IPO	81,160	23.11	144,735	24.52
Forfeited/Cancelled	(18,735)	22.18	(37,439)	24.36
Outstanding as of December 25, 2021	62,425	$ 23.38	107,296	$ 24.58

The following are the Parent's restricted stock units and performance stock units granted in conjunction with or after the IPO:

	Unvested Time Based Restricted Stock Options Outstanding	Weighted Average Exercise Price	Unvested Performance Based Restricted Stock Options Outstanding	Weighted Average Exercise Price
Outstanding as of January 14, 2021 (pre-IPO)	—	$ —	—	$ —
Granted post-IPO	3,564,770	26.84	3,621,719	22.00
Forfeited/Cancelled	(77,294)	22.00	(152,239)	22.00
Vested	(298,886)	22.00	—	—
Outstanding as of December 25, 2021	3,188,590	$ 27.41	3,469,480	$ 22.00

As of December 25, 2021 and January 14, 2021 there were 298,886 and 198,984 shares of time based vested stock options outstanding which had an average exercise price of $22.00 per share.

The fair value of all incentive units granted was estimated using a Black-Scholes option pricing model using the following weighted-average assumptions for each of fiscal 2021 and 2020:

	Fiscal year ended	
	December 25, 2021	December 26, 2020
Annual dividend yield	— %	— %
Weighted-average expected life (Years)	7.00	1.84
Risk-free interest rate	1.33 %	0.91 %
Expected volatility	40.10 %	46.70 %

The expected term of the incentive units is based on evaluations of historical and expected future employee behavior. The risk-free interest rate is based on the U.S. Treasury rates at the date of grant with maturity dates approximately equal to the expected life at the grant date. Volatility is based on the historical volatility of guideline public entities that are similar to the Company, as the Company does not have sufficient historical transactions of its own shares to calculate expected volatility. As of December 25, 2021, the Company does not intend to pay dividends or distributions in the future.

Employee Stock Purchase Plan

On January 6, 2021, the Parent company's Board of Directors approved the Employee Stock Purchase Plan (the "ESPP") and effective January 14, 2021, the Company's shareholders adopted and approved the ESPP. On March 22, 2021, the Company's Board of Directors approved the International Employee Stock Purchase Plan (the "International ESPP"). The ESPP and International ESPP provide employees of certain designated subsidiaries of the Company with an opportunity to purchase the Parent company's common stock at a discount, subject to certain limitations set forth in the ESPP and International ESSP. The ESPP and International ESSP plans authorized the issuance of 1,790,569 shares of the Company's common stock. Total contributions to the ESPP were $2 million for the year ended December 25, 2021. No shares of common stock were purchased under the ESPP as of December 25, 2021. 110,300 shares of common stock were subsequently purchased on December 28, 2021 related to employee contributions during the year ended December 25, 2021.

Note 14 - Subsequent Events

On December 30, 2021, the Company acquired Auto Glass Now® ("AGN") for approximately $170 million. AGN is an industry leader, backed by over 20 years of experience in auto glass repair, replacement, and calibration with over 75 locations throughout the U.S. As part of the transaction, the Company incurred a $56 million transaction expense in the fourth quarter of fiscal 2021. On April 29, 2022, the Company also acquired All Star Glass® ("ASG"), which has 31 locations, for approximately $36 million. The acquisition of AGN and ASG expands the Company's auto glass offering into the U.S. The initial accounting for these acquisitions is incomplete as the valuation of the assets acquired and liabilities assumed and residual goodwill has not yet been performed.

Consolidated Financial Statements and Report of
Independent Certified Public Accountants

Driven Brands, Inc. and Subsidiaries

For the years ended
December 26, 2020 and December 28, 2019

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Driven Brands, Inc.

We have audited the accompanying consolidated financial statements of Driven Brands, Inc. (a Delaware corporation) and subsidiaries, which comprise the consolidated balance sheets as of December 26, 2020 and December 28, 2019, and the related consolidated statements of income, comprehensive income, shareholders' equity, 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 consolidated 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 consolidated 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 consolidated 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 audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

Grant Thornton LLP is the U.S. member firm of Grant Thornton International Ltd (GTIL). GTIL and each of its member firms are separate legal entities and are not a worldwide partnership.

Grant Thornton

Opinion
In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Driven Brands, Inc. and subsidiaries as of December 26, 2020 and December 28, 2019, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter
As discussed in Note 2 to the consolidated financial statements, the Company has elected to change its method of accounting for Leases due to the adoption of Accounting Standards Codification Topic 842, *Leases* ("ASC 842") in the fiscal year ending December 26, 2020. Our opinion is not modified with respect to this matter.

Grant Thornton LLP

Charlotte, North Carolina
April 26, 2021

DRIVEN BRANDS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(in thousands)	December 26, 2020	December 28, 2019
Assets		
Current assets:		
Cash and cash equivalents	$ 129,208	$ 34,935
Restricted cash	6,888	—
Accounts and notes receivable, net	80,220	74,131
Inventory	29,024	26,149
Prepaid and other assets	32,717	14,491
Income tax receivable	1,063	4,607
Advertising fund assets, restricted	29,276	31,011
Total current assets	308,396	185,324
Notes receivable, net	3,668	7,178
Property and equipment, net	165,626	134,381
Operating lease right-of-use assets	304,030	—
Deferred commissions	8,661	6,718
Intangibles, net	656,793	672,017
Goodwill	898,539	870,619
Total assets	$ 2,345,713	$ 1,876,237
Liabilities and shareholders' equity		
Current liabilities:		
Accounts payable	$ 54,836	$ 58,917
Income taxes payable	1,119	—
Accrued expenses and other liabilities	115,336	66,725
Current portion of long-term debt	16,563	13,050
Advertising fund liabilities	20,276	20,825
Total current liabilities	208,130	159,517
Long-term debt, net	1,421,898	1,301,913
Operating lease liabilities	280,081	—
Deferred tax liabilities	120,442	112,501
Deferred revenue	20,757	14,264
Accrued expenses and other long-term liabilities	4,316	—
Total liabilities	2,055,624	1,588,195
Shareholders' equity:		
Class A common stock, $.01 par value, authorized 60,000,000 voting shares; 56,560,217 shares issued and outstanding at December 26, 2020 and December 28, 2019	565	565
Class B common stock, $.01 par value, authorized 12,461,152 non-voting shares; 0 shares issued and outstanding at December 26, 2020 and December 28, 2019	—	—
Additional paid-in-capital	246,172	242,240
Retained earnings	40,393	40,147
Accumulated other comprehensive income	1,595	3,626
Total shareholders' equity attributable to Driven Brands Holdings Inc.	288,725	286,578
Non-controlling interests	1,364	1,464
Total shareholders' equity	290,089	288,042
Total liabilities and shareholders' equity	$ 2,345,713	$ 1,876,237

The accompanying notes are an integral part of these consolidated financial statements.

DRIVEN BRANDS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

(in thousands, except per share amounts)	Fiscal year ended December 26, 2020	Fiscal year ended December 28, 2019
Revenue:		
Franchise royalties and fees	$ 117,126	$ 111,170
Company-operated store sales	409,298	329,110
Advertising contributions	59,672	66,270
Supply and other revenue	168,425	93,723
Total revenue	754,521	600,273
Operating expenses:		
Company-operated store expenses	256,370	223,683
Advertising expenses	61,989	69,779
Supply and other expenses	92,016	53,005
Selling, general and administrative expenses	195,648	142,249
Acquisition costs	12,884	11,595
Store opening costs	2,799	5,721
Depreciation and amortization	36,012	24,220
Asset impairment charges	8,142	—
Total operating expenses	665,860	530,252
Operating income	88,661	70,021
Other (income) expense, net		
Interest expense, net	72,398	56,846
Loss on debt extinguishment	5,490	595
Gain on foreign currency transactions, net	(8,625)	—
Total other expenses, net	69,263	57,441
Income before taxes	19,398	12,580
Income tax expense	13,405	4,826
Net income	5,993	7,754
Net income (loss) attributable to non-controlling interests	(62)	19
Net income attributable to Driven Brands, Inc.	$ 6,055	$ 7,735

The accompanying notes are an integral part of these consolidated financial statements.

DRIVEN BRANDS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in thousands)	Fiscal year ended December 26, 2020	Fiscal year ended December 28, 2019
Net income	$ 5,993	$ 7,754
Other comprehensive income (loss):		
Foreign currency translation adjustment	(2,069)	4,726
Other comprehensive income (loss), net	(2,069)	4,726
Total comprehensive income	3,924	12,480
Comprehensive income (loss) attributable to non-controlling interests	(38)	19
Comprehensive income attributable to Driven Brands, Inc.	$ 3,962	$ 12,461

The accompanying notes are an integral part of these consolidated financial statements.

DRIVEN BRANDS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

in thousands	Common stock, Class A and B	Additional paid-in-capital	Retained earnings	Accumulated other comprehensive income (loss)	Non-controlling interests	Total equity
Balance as of December 29, 2018	$ 565	$ 403,970	$ 32,412	$ (1,100)	$ —	$ 435,847
Net income	—	—	7,735	—	19	7,754
Other comprehensive income	—	—	—	4,726	—	4,726
Equity-based compensation expense	—	1,195	—	—	—	1,195
Acquisition of non-controlling interest	—	—	—	—	1,445	1,445
Contributions	—	75	—	—	—	75
Dividend to Driven Investor LLC	—	(163,000)	—	—	—	(163,000)
Balance as of December 28, 2019	565	242,240	40,147	3,626	1,464	288,042
Cumulative effect of ASU 2016-02 adoption	—	—	(4,012)	—	—	(4,012)
Cumulative effect of ASU 2016-13 adoption	—	—	(1,797)	—	—	(1,797)
Balance as of December 29, 2019	565	242,240	34,338	3,626	1,464	282,233
Net income	—	—	6,055	—	(62)	5,993
Other comprehensive loss	—	—	—	(2,031)	(38)	(2,069)
Equity-based compensation expense	—	1,323	—	—	—	1,323
Contributions	—	2,609	—	—	—	2,609
Balance as of December 26, 2020	$ 565	$ 246,172	$ 40,393	$ 1,595	$ 1,364	$ 290,089

The accompanying notes are an integral part of these consolidated financial statements.

DRIVEN BRANDS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)	Fiscal year ended December 26, 2020	Fiscal year ended December 28, 2019
Net income	$ 5,993	$ 7,754
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	36,012	24,220
Noncash lease cost	36,100	—
Gain on foreign denominated transactions	(8,625)	—
Bad debt expense	7,002	1,685
Asset impairment costs	8,142	—
Amortization of deferred financing costs and bond discounts	5,557	3,682
Provision for deferred income taxes	6,952	3,165
Loss on extinguishment of debt	5,490	595
Other, net	2,156	1,758
Changes in assets and liabilities:		
Accounts and notes receivable, net	(9,910)	(7,173)
Inventory	(2,220)	(5,452)
Prepaid and other assets	(18,139)	(2,313)
Advertising fund assets and liabilities, restricted	(369)	6,492
Deferred commissions	(1,927)	(1,958)
Deferred revenue	6,278	2,524
Accounts payable	(1,943)	13,849
Accrued expenses and other liabilities	25,432	(7,617)
Income tax receivable	3,817	162
Operating lease liabilities	(34,731)	—
Cash provided by operating activities	71,067	41,373
Cash flows from investing activities:		
Capital expenditures	(42,879)	(28,231)
Cash used in business acquisitions, net of cash acquired	(31,006)	(454,193)
Cash used in investing activities	(73,885)	(482,424)
Cash flows from financing activities:		
Payment of contingent consideration related to acquisitions	(2,783)	—
Payment of debt issuance cost	(22,932)	(14,056)
Proceeds from the issuance of long-term debt	625,000	575,000
Repayment of long-term debt	(445,417)	(10,988)
Repayments of revolving lines of credit and short-term debt	(386,800)	(64,799)
Proceeds from revolving lines of credit and short-term debt	327,301	124,298
Repayment of principal portion of finance lease liability	(343)	—
Distribution to Driven Investor LLC	—	(163,000)
Proceeds from failed sale-leaseback transactions	2,201	—
Proceeds from issuance of equity shares	2,609	—
Other, net	—	75
Cash provided by financing activities	98,836	446,530
Effect of exchange rate changes on cash	1,421	(120)
Net change in cash, cash equivalents, restricted cash, and cash included in advertising fund assets, restricted	97,439	5,359

Cash and cash equivalents, beginning of period	34,935	37,530
Cash included in advertising fund assets, restricted, beginning of period	23,091	15,137
Restricted cash, beginning of period	—	—
Cash, cash equivalents, restricted cash, and cash included in advertising fund assets, restricted, beginning of period	58,026	52,667
Cash and cash equivalents, end of period	129,208	34,935
Cash included in advertising fund assets, restricted, end of period	19,369	23,091
Restricted cash, end of period	6,888	—
Cash, cash equivalents, restricted cash, and cash included in advertising fund assets, restricted, end of period	$ 155,465	$ 58,026

Supplemental cash flow disclosures - non-cash items:		
Accrued capital expenditures	$ 3,839	$ 8,782
Capital leases	—	$ 2,191
Contingent consideration	4,309	$ 2,880
Sale/leaseback	—	$ 30,929
Supplemental cash flow disclosures - cash paid for:		
Interest	$ 68,119	$ 51,209
Income taxes	4,591	$ 1,767

The accompanying notes are an integral part of these consolidated financial statements.

Note 1—Description of Business

Description of Business

Driven Brands, Inc. and Subsidiaries (collectively,"the Company") comprises the worldwide operations of Meineke Car Care Centers ("Meineke"), Maaco Collision Repair and Auto Painting ("Maaco"), Fix Auto USA ("FUSA"), Merlin's 200,000 Miles shops ("Merlin's"), Pro Oil Change ("Pro Oil"), Econo-Lube N' Tune ("Econo"), 1-800-Radiator & A/C ("Radiator"), Spire Supply, Drive N Style, Take 5 Oil Change ("Take 5"), CARSTAR auto body repair experts ("CARSTAR"), ABRA Auto Body Repair of America ("ABRA"), and Clairus Group ("Clairus") (collectively, the "Driven Franchise Brands"). The Driven Franchise Brands develop, operate, franchise and license their individual business systems to provide retail and business-to-business automotive services. The Company is also comprised of Automotive Training Institute ("ATI"), which provides business-to-business automotive training services. As of December 26, 2020, the Driven Franchise Brands encompass 3,275 units worldwide, with 80% located within the United States and the remainder located primarily in Canada. Approximately 84% of the units are franchised. The Company is a direct, wholly-owned subsidiary of Driven Holdings, LLC, which is a direct wholly-owned subsidiary of Driven Brands Holdings Inc. (the "Ultimate Parent").

Meineke, Merlin's, Pro Oil, and Econo, each provide automotive repair and maintenance services through retail locations. Maaco, CARSTAR, FUSA, and ABRA provide auto body repairs and painting services through retail locations. Driven N Style provides automotive appearance services to customers through mobile vans. Radiator provides certain automotive parts to automotive repair stores, automotive parts stores, body shops and service stations. Take 5 is an operator of oil change centers, offering rapid oil changes and light maintenance services within the United States and Canada. Spire Supply is a distribution and sourcing company serving as a single point for inventory sourcing for the Company. Clairus is a provider of on-demand auto glass, calibration services, and auto appearance services. ATI provides automotive business training services to assist shop owners with efficiencies and profitability. The Company has also completed acquisition transactions, and in certain circumstances has retained the target's brand name.

Note 2—Summary of Significant Accounting Policies

Fiscal Year

The Company operates and reports financial information on a 52- or 53-week year with the fiscal year ending on the last Saturday in December. Fiscal years 2020 and 2019 reflect the results of operations for the 52-week periods ended December 26, 2020 and December 28, 2019, respectively.

Basis of Presentation

The consolidated financial statements include the accounts of the the Company. Intercompany accounts and transactions have been eliminated in consolidation. The preparation of financial statements in conformity with generally accepted accounting principles in the United States ("GAAP") requires the Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities, if any, at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates are made in the valuation of intangible assets and goodwill, as well as impairment of intangible assets and goodwill. On an ongoing basis, the Company evaluates its estimates based on historical experience, current conditions and various other assumptions that are believed to be reasonable under the circumstances. The Company adjusts such estimates and assumptions when facts and circumstances dictate. Actual results could differ from those estimates.

Certain amounts in the 2019 consolidated financial statements have been reclassified to conform to the 2020 presentation. In the Company's consolidated statements of income, $6 million of company-operated store sales and $4 million of franchise and royalty fees for the year ended December 28, 2019 have been reclassified to supply and other revenue to conform to the current year presentation. Additionally, $5 million of company-operated store expenses for the year ended December 28, 2019 have been reclassified to supply and other expenses to conform to the current year presentation.

Summary of Significant Accounting Policies

Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposits and short-term, highly liquid investments with original maturities of three months or less. These investments are carried at cost, which approximates fair value. The Company continually monitors its positions with, and the credit quality of, the financial institutions in which it maintains its deposits. As of December 26, 2020 and December 28, 2019, the Company maintained balances in various cash accounts in excess of federally insured limits.

Restricted Cash

The Company had total restricted cash of $26 million at December 26, 2020, which consisted of $7 million required to be held in trust in connection with the Company's securitized debt and $19 million of funds from franchisees pursuant to franchise agreements, usage of which was restricted to advertising activities. Restricted cash of $23 million at December 28, 2019 consisted of funds from franchisees pursuant to franchise agreements, usage of which was restricted to advertising activities. Funds required to be held in trust in connection with the Company's securitized debt are presented on the consolidated balance sheet within restricted cash, while advertising funds are presented within advertising fund assets, restricted, on the consolidated balance sheet.

Accounts and Notes Receivable

The Company's accounts receivable consists principally of amounts due related to product sales, centrally billed commercial fleet work, centrally billed insurance claims, advertising, franchise fees, rent due from franchisees and training services. These receivables are generally due within 30 days of the period in which the corresponding sales occur and are classified as Accounts and notes receivable, net on the consolidated balance sheets. Accounts receivable are reported at their estimated net realizable value.

Notes receivable are primarily from franchisees and relate to financing arrangements for certain past due balances or to partially finance the acquisition of company-operated stores or refranchising locations. The notes are typically collateralized by the assets of the store being purchased. Interest income recognized on these notes is included in supply and other revenue on the accompanying consolidated statements of income. The Company places notes receivable on a nonaccrual status based on management's determination if it is probable that the principal balance is not expected to be repaid per the contractual terms. When the Company places a note receivable on a nonaccrual status, interest income recorded on the note is reversed through supply and other revenue. The Company recorded an immaterial amount of interest income related to its notes receivables during the years ended December 26, 2020 and December 28, 2019.

Allowance for Uncollectible Receivables

The Company adopted ASU 2016-13, *Financial Instruments - Credit Losses*, on December 26, 2020, which was retroactively applied as of the first day of fiscal year 2020, as further described within the section below titled *Recently Adopted Accounting Standards*. This accounting standard requires companies to measure expected credit losses on financial instruments based on the total estimated amount to be collected over the lifetime of the instrument. Prior to the adoption of this accounting standard, the Company recorded incurred loss reserves against receivable balances based on current and historical information.

Expected credit losses for uncollectible receivable balances consider both current conditions and reasonable and supportable forecasts of future conditions. Current conditions considered include pre-defined aging criteria, as well as specified events that indicate the balance due is not collectible. Reasonable and supportable forecasts used in determining the probability of future collection consider publicly available macroeconomic data and whether future credit losses are expected to differ from historical losses.

The Company is not party to any off-balance sheet arrangements that would require an allowance for credit losses in accordance with this accounting standard.

Inventory

Inventory is stated at the lower of cost or net realizable value. The Company primarily purchases its oil, lubricants, and auto glass in bulk quantities to take advantage of volume discounts and to ensure inventory availability to complete services. Inventories are presented net of volume rebates.

Property and Equipment, net

Property and equipment are stated at cost less accumulated depreciation. Depreciation is provided using the straight-line method over the estimated useful lives of the respective assets. Leasehold improvements are depreciated over the shorter of the estimated useful life or the remaining lease term of the related asset. Estimated useful lives are as follows:

Buildings and improvements	30 - 40 years
Furniture and fixtures	Five to eight years
Store equipment	Two to 10 years
Leasehold improvements	Five to 15 years
Vehicles	Five years

Leases

The Company adopted Accounting Standards Update ("ASU") 2016-02, *Leases*, as of the first day of fiscal year 2020, as further described within the section below titled *Recently Adopted Accounting Standards*. At contract inception, we determine whether the contract is or contains a lease based on the terms and conditions of the contract. Lease contracts are recognized on our consolidated balance sheet as right-of-use ("ROU") assets and lease liabilities; however, we have elected not to recognize ROU assets and lease liabilities on leases with terms of one year or less. Lease liabilities and their corresponding ROU assets are recorded based on the present value of the future lease payments over the expected lease term. As the Company's leases do not provide enough information to determine the implicit interest rate in the agreements, the Company uses its incremental borrowing rate in calculating the lease liability. The Company determines its incremental borrowing rate for each lease by reference to yield rates on collateralized debt issuances, which approximates borrowings on a collateralized basis, by companies of a similar credit rating as the Company, with adjustments for differences in years to maturity and implied company-specific credit spreads. The ROU asset also includes initial direct costs paid less lease incentives received from the lessor. Our lease contracts are generally classified as operating and, as a result, we recognize a single lease cost within operating expenses on the consolidated statement of income on a straight-line basis over the lease term. The Company also records lease income for subleases of franchise stores to certain franchisees. Lease income from sublease rentals are recognized on a straight-line basis over the lease term.

Impairment of Long-Lived Assets

Long-lived assets that are used in operations are tested for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable through undiscounted future cash flows. Recognition and measurement of a potential impairment is performed on assets grouped with other assets and liabilities at the lowest level where identifiable cash flows are largely independent of the cash flows of other assets and liabilities. An impairment loss is the amount by which the carrying amount of a long-lived asset or asset group exceeds its estimated fair value. Fair value is generally estimated by internal specialists based on the present value of anticipated future cash flows or, if required, with the assistance of independent third-party valuation specialists, depending on the nature of the assets or asset group.

Goodwill and Intangible Assets

Goodwill is recorded when the aggregate purchase price of an acquisition exceeds the estimated fair value of the net identified tangible and intangible assets acquired. Intangible assets resulting from an acquisition are accounted for using the purchase method of accounting and are estimated by management based on the fair value of the assets acquired. The Company's identifiable intangible assets are comprised primarily of trademarks, franchise agreements, license agreements, membership agreements, customer relationships, and developed technology. Identifiable intangible assets with finite lives (franchise agreements) are amortized over the period of estimated benefit using the straight-line method. Goodwill and intangible assets considered to have an indefinite life (primarily trade names) are not subject to amortization. The determination of indefinite life is subject to reassessment if changes in facts and circumstances indicate the period of benefit has become finite.

Goodwill and indefinite-lived intangible assets are assessed annually for impairment as of the first day of the fiscal fourth quarter, or more frequently if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit or the fair value of an indefinite-lived intangible asset below its carrying value.

Revenue Recognition

Franchise royalties and fees

Franchisees are required to pay an upfront license fee prior to the opening of a location. The initial license payment received is recognized ratably over the life of the franchise agreement. Franchisees will also pay continuing royalty fees, at least monthly, based on a percentage of the store level retail sales or a flat amount, depending on the brand. The royalty income is recognized as the underlying sales occur. In addition to the initial fees and royalties, the Company also recognizes revenue associated with development fees charged to franchisees, which are recognized as income over the life of the associated franchise agreement. Development fees relate to the right of a franchisee to open additional locations in an agreed upon territory.

Company-operated store sales

Company-operated store sales are recognized, net of sales discounts, upon delivery of services and the service-related product.

The states and municipalities in which the Company operates impose sales tax on all of the Company’s nonexempt revenue. The Company collects the sales tax from its customers and remits the entire amount to the appropriate taxing authority. The Company’s policy is to exclude the tax collected and remitted from net revenue and direct costs. The Company accrues sales tax liabilities as it records sales, maintaining the amount owed to the taxing authorities in accrued expenses and other liabilities in the consolidated balance sheet.

Advertising contributions

Franchised and company-operated stores are generally required to contribute advertising dollars according to the terms of their respective contract (typically based on a percentage of sales) that are used for, among other activities, advertising the brand on a national and local basis, as determined by the brand's franchisor. The Company's franchisees make their contributions to a marketing fund which in turn administers and distributes their advertising contributions directly to the franchisor. This advertising fee revenue is recognized as the underlying sales occur. Advertising expenses are recorded as incurred. Revenues and expenses related to these advertising collections and expenditures are reported on a gross basis in the consolidated statements of income. The assets related to the advertising fund are considered restricted and disclosed as such on the Company's consolidated balance sheet.

Any excess or deficiency of advertising fee revenue compared to advertising expenditures, is recognized in the fourth quarter of the Company's fiscal year. Any excess of revenue over expenditures is recognized only to the extent of previously recognized deficits. When advertising revenues exceed the related advertising expenses and there is no recovery of a previously recognized deficit of advertising revenues, advertising costs are accrued up to the amount of revenues.

Supply and other revenue

Supply and other revenue includes revenue related to product sales, vendor incentive revenue, insurance licensing fees, store leases, software maintenance fees and automotive training services revenue. Supply and other revenue is recognized once title of goods is transferred to franchisees or other independent parties, as the sales of the related products occur, or ratably. Vendor incentive revenue is recognized as sales of the related product occur. Insurance licensing fee revenue is generated when the Company is acting as an agent on behalf of its franchisees and is recognized once title of goods is transferred to franchisees. The insurance license revenue is presented net of any related expense with any residual revenue reflecting the management fee the Company charges for the program. Store lease revenue is recognized ratably over the underlying property lease term. Software maintenance fee revenue is recognized monthly in connection with providing and servicing software. Automotive training services provided to third party shop owner/operators in accordance with agreed upon contract terms. These contracts may be for one-time shop visits or agreements to receive access to education and training programs for multiple years. For one-time shop visits, revenue is recognized at the time the service is rendered. For the multi-year education and training contracts, revenue is recognized ratably over the contract term.

Assets Recognized from the Costs to Obtain a Contract with a Customer:

The Company has elected a practical expedient to expense costs as incurred for costs to obtain a contract when the amortization period would have been one year or less. The Company records contract assets for the incremental costs of obtaining a contract with a customer if we expect the benefit of those costs to be longer than one year and if such costs are material. Commission expenses, a primary cost associated with the sale of franchise licenses, are amortized to selling, general and administrative expenses in the consolidated statements of income ratably over the life of the associated franchise agreement.

Contract Balances

The Company generally records a contract liability when cash is provided for a contract with a customer before the Company has completed its contractual performance obligation. This includes cash payments for initial franchise fees as well as upfront payments on store owner consulting and education contracts. Franchise fees and shop owner consulting contract payments are recognized over the life of the agreement, which range from five to 20 and three to four year terms, respectively.

Company-Operated Store Expenses

Company-operated store expenses consist of payroll and benefit costs for employees at company-operated locations, as well as rent, costs associated with procuring materials from suppliers, and other store-level operating costs. The Company receives volume rebates based on a variety of factors which are included in accounts receivable on the accompanying consolidated balance sheet and accounted for as a reduction of company-operated store expenses as they are earned. Sales discounts received from suppliers are recorded as a reduction of the cost of inventory. Advanced rebates are included in accrued expenses and other liabilities on the accompanying consolidated balance sheet and are accounted for as a reduction of company-operated store expenses as they are earned over the term of the supply agreement. Additionally, the Company includes subleasing expense associated with the subleasing of store buildings to franchisees within supply and other expenses in the consolidated statements of income.

Store Opening Costs

Store opening costs consist of employee, facility, and grand opening marketing costs that company-operated stores incur prior to opening. The Company typically incurs store opening costs when opening new company-operated stores and when converting independently branded, acquired company-operated stores to one of its brands. These expenses are charged to expense as incurred.

Equity-based Compensation

The Company recognizes expense related to equity-based compensation awards over the service period (generally the vesting period) in the consolidated financial statements based on the estimated fair value of the award on the grant-date.

Fair Value of Financial Instruments

Fair value measurements enable the reader of the financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values. The Company classifies and discloses assets and liabilities carried at fair value in one of the following three categories.

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity as the ability to access at the measurement date,

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; or

Level 3: Inputs are unobservable inputs for the asset or liability. Unobservable inputs are used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.

Financial assets and liabilities measured at fair value on a recurring basis as of December 26, 2020 are summarized as follows:

(in thousands)	Significant other observable inputs (Level 2)	Total
Derivative assets not designated as hedging instruments	$ 227	$ 227

The fair value of the Company's derivative instruments are derived from valuation models, which use observable inputs such as quoted market prices, interest rates and forward yield curves.

The Company estimates the fair values of financial instruments using available market information and appropriate valuation methodologies. However, considerable judgment is required in interpreting market data to develop estimates of fair value for non-traded financial instruments. Accordingly, such estimates are not necessarily indicative of the amounts that the Company would realize in a current market exchange. The carrying amount for cash and cash equivalents, accounts receivable, inventory, other current assets, accounts payable and accrued expenses approximate fair value because of their short maturities.

The carrying value and estimated fair value of total long-term debt were as follows:

	December 26, 2020		December 28, 2019	
(in thousands)	Carrying value	Estimated fair value	Carrying value	Estimated fair value
Long-term debt	$ 1,438,461	$ 1,493,052	$ 1,314,963	$ 1,372,244

Income Taxes

The Company accounts for income taxes under the liability method whereby deferred tax assets and liabilities are measured using enacted tax laws and rates expected to apply to taxable income in the years in which the assets and liabilities are expected to be recovered or settled. The effects on deferred tax assets and liabilities of subsequent changes in the tax laws and rates are recognized in income during the year the changes are enacted.

In assessing the realizability of deferred tax assets, management considers whether it is more-likely-than-not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies in making this assessment.

The Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized on the consolidated financial statements from such positions are measured based on the largest benefit that has a greater than fifty percent likelihood of being realized upon settlement with tax authorities. The Company records any interest and penalties associated as additional income tax expense in the consolidated statements of income.

Deferred Financing Costs

The costs related to the issuance of debt are presented in the balance sheet as a direct deduction from the carrying amount of that debt and amortized over the terms of the related debt agreements as interest expense using the effective interest method.

Insurance Reserves

The Company is partially self-insured for employee medical coverage. The Company records a liability for the ultimate settlement of claims incurred as of the balance sheet date based upon estimates provided by the third-party that administers the claims on the Company's behalf. The Company also reviews historical payment trends and knowledge of specific claims in determining the reasonableness of the reserve. Adjustments to the reserve are made when the facts and circumstances of the underlying claims change. If the actual settlements of the medical claims are greater than the estimated amount, additional expense will be recognized.

Foreign Currency Translation

We translate assets and liabilities of non-U.S. operations into U.S. dollars at rates of exchange in effect at the balance sheet date, and revenues and expenses at the average exchange rates prevailing during the period. Resulting translation adjustments are recorded as a separate component of other comprehensive income (loss). Transactions resulting in foreign exchange gains and losses are included in the consolidated statements of income.

Recently Adopted Accounting Standards

In February 2016, the Financial Accounting Standards Board (the "FASB") issued ASU 2016-02, *Leases*. The amendments in this update primarily replace the existing accounting requirements for operating leases for lessees. Lessee accounting requirements for finance leases (previously referred to as capital leases) and lessor accounting requirements for operating leases and sales type and direct financing leases are largely unchanged. The amendments require the lessee in an operating lease to record a balance sheet gross-up upon lease commencement by recognizing a ROU asset and lease liability equal to the present value of the lease payments. The ROU asset and lease liability should be derecognized in a manner that effectively yield a straight-line lease expense over the lease term. In addition to the changes to the lessee operating lease accounting requirements, the amendments also change the types of costs that can be capitalized related to a lease agreement for both lessees and lessors. The amendments also require additional disclosures for all lease types for both lessees and lessors. The FASB issued additional ASUs to clarify the guidance and provide certain practical expedients and an additional transition option.

We adopted ASU 2016-02 and the subsequent ASUs that modified ASU 2016-02 (collectively, "the amendments") during the year ended December 26, 2020 and retroactively adopted the amendments as of December 29, 2019. We elected not to adjust prior period comparative information and will continue to disclose prior period financial information in accordance with the previous lease accounting guidance. We have elected certain practical expedients permitted within the amendments that allow us to not reassess (i) current lease classifications, (ii) whether existing contracts meet the definition of a lease under the amendments to the lease guidance, and (iii) whether current initial direct costs meet the new criteria for capitalization, for all existing leases as of the adoption date. We made an accounting policy election to calculate the impact of adoption using the remaining minimum lease payments and remaining lease term for each contract that was identified as a lease, discounted at our incremental borrowing rate as of the adoption date. The adoption of the amendments resulted in a ROU asset of approximately $324 million primarily from operating leases for our company-owned stores, a $4 million reduction to retained earnings, net of taxes, and a lease liability of $330 million. The remaining impact related to the derecognition of certain liabilities and assets that had been recorded in accordance with GAAP that had been applied prior to the adoption of the amendments.

In February 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses,* which requires entities to estimate all expected credit losses for financial assets measured at amortized cost basis, including trade receivables, held at the reporting date based on historical experience, current conditions and reasonable and supportable forecasts. The Company adopted this guidance using the modified retrospective adoption method on December 26, 2020, which was retroactively applied as of the first day of fiscal year 2020. Upon adoption of the this guidance, the Company recognized an increase to its allowance for credit losses of $2 million and a corresponding adjustment to retained earnings, net of tax.

Recently Issued Accounting Standards

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. This ASU provides optional expedient and exceptions for applying generally accepted accounting principles to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. In response to the concerns about structural risks of interbank offered rates and, particularly, the risk of cessation of LIBOR, regulators in several jurisdictions around the world have undertaken reference rate reform initiatives to identify alternative reference rates that are more observable or transaction based and less susceptible to manipulation. The ASU provides companies with optional guidance to ease the potential accounting burden associated with transitioning away from reference rates that are expected to be discontinued. This guidance is effective immediately and the amendments may be applied prospectively through December 31, 2022. The Company is evaluating the impact of adopting this new accounting guidance.

Note 3—Accounts and Notes Receivable, net

Accounts and notes receivable, net consisted of the following:

(in thousands)	December 26, 2020	December 28, 2019
Accounts receivable	$ 96,742	$ 82,122
Notes receivable	6,207	13,291
Total gross receivables	102,949	95,413
Less allowance for doubtful accounts	(19,061)	(14,104)
Less current portion of accounts and notes receivable	(80,220)	(74,131)
Notes receivable, long term	$ 3,668	$ 7,178

The changes in the allowance for accounts and notes receivable for the year ended December 26, 2020 were as follows:

(in thousands)	
Balance at December 28, 2019	$ 14,104
Adoption of ASU 2016-13	2,376
Balance as of December 29, 2019	16,480
Bad debt expense	7,002
Write-off of uncollectible receivables	(4,421)
Balance at December 26, 2020	$ 19,061

Note 4—Business Combinations

The Company strategically acquires companies in order to increase its footprint and offer products and services that diversify its existing offerings. These acquisitions are accounted for as business combinations using the acquisition method, whereby the purchase price is allocated to the assets acquired and liabilities assumed, based on their estimated fair values at the date of the acquisition.

2020 Acquisitions

On April 20, 2020, the Company acquired 100% of the outstanding equity of Fix Auto, a franchisor and operator of collision repair centers, for $29 million, net of cash received of approximately $2 million. This acquisition resulted in the Company acquiring 150 franchised locations and 10 company-operated locations and increases the Company's collision services footprint. All goodwill related to this acquisition was allocated to the Paint, Collision & Glass reporting unit. None of the goodwill associated with this acquisition is deductible for income tax purposes.

A preliminary estimate of assets acquired and liabilities assumed from Fix Auto is as follows:

(in thousands)	April 20, 2020
Assets:	
Cash	$ 2,020
Accounts and notes receivable, net	2,317
Inventory	414
Prepaid and other assets	293
Operating lease right-of-use assets	7,520
Fixed assets	1,023
Definite-lived intangibles	15,200
Assets acquired	28,787
Liabilities:	
Accounts payable	1,835
Accrued expenses and other liabilities	2,919
Operating lease liability	7,520
Income taxes payable	673
Deferred income tax liability	3,770
Liabilities assumed	16,717
Net assets acquired	12,070
Total consideration	31,460
Goodwill	$ 19,390

A summary of total consideration for Fix Auto is as follows:

(in thousands)	
Cash	$ 28,517
Fair value of contingent consideration	2,943
Total consideration	$ 31,460

Intangible assets acquired from Fix Auto include franchise agreements with a weighted-average useful life of 12.5 years and a license agreement that has an estimated useful life of seven years.

The purchase agreement for Fix Auto includes potential earnout payments of up to $10 million based on adjusted EBITDA results for fiscal year 2020 and up to $15 million for adjusted EBITDA results for fiscal year 2021. Based on updates to the projected adjusted EBITDA results for fiscal year 2021, the Company recorded an additional $1 million liability related to this earnout as of December 26, 2020. The $4 million liability is recorded as a component of Accrued expenses and other liabilities on the consolidated balance sheet.

The Company incurred $2 million of transaction-related expenses as a result of this transaction, which were recorded as operating expenses during the year ended ended December 26, 2020.

The Company also completed two additional business acquisitions, each individually immaterial, which represent tuck-in acquisitions within the Company's Maintenance segment. The Company paid a total of $4 million of cash consideration, net of cash received, related to these acquisitions.

2019 Acquisitions

On November 14, 2019, the Company acquired a controlling financial interest in Clairus for $214 million, net of cash of approximately $5 million, to enter into the glass services business ("Clairus Acquisition"). The Clairus Acquisition resulted in the Company acquiring 35 company-operated locations, 205 franchise locations, and 22 distribution centers. Clairus has one business unit that is included in the Paint, Collision & Glass segment ("Uniban") and one business unit that is included in the Platform Services segment ("PH Vitres D'Autos").

On November 5, 2019, the Company acquired 100% of the outstanding equity of ATI for $52 million, net of cash of approximately $1 million, to enter into the automotive training services business ("ATI Acquisition"). The ATI Acquisition was treated as an asset transaction for income tax purposes.

On October 1, 2019, the Company acquired 100% of the outstanding equity of ABRA Auto Body & Glass GP LLC, ABRA Auto Body & Glass LP, and ABRA Automotive Systems LP (collectively, "ABRA Group") for $53 million to increase the Company's collision services footprint ("ABRA Acquisition"). The ABRA Acquisition was treated as an asset transaction for tax purposes. The ABRA Acquisition resulted in the Company acquiring 55 franchise locations.

On March 1, 2019, the Company acquired 100% of the outstanding equity of Ontario Auto Collision (Mountain) Limited and Ontario Auto Collision Limited (collectively, "CARSTAR Stores") for $23 million as part of an asset purchase transaction to increase its company-operated collision services footprint ("CARSTAR Acquisition"). Included in the purchase consideration was $2 million related to a contingent earnout payment to the previous owners, which is also included in accrued expenses and other liabilities as of December 28, 2019. The contingency was fully paid out during the year ended December 26, 2020.

During 2019, the Company completed eight additional business acquisitions, each individually immaterial, which represent tuck-in acquisitions within the Company's Maintenance segment ("Other Maintenance Acquisitions"). In connection with one of these acquisitions, the Company purchased real property, and subsequently sold the real property to independent third-parties at the fair value price paid by the Company. This real property was leased back, resulting in no gain or loss on the sale-leaseback transaction. The lease commitment related to this sale-leaseback transaction is approximately $2 million per year, for a total commitment of $46 million. Included in the purchase consideration was $1 million related to a contingent earnout payment due to the previous owners, as well as an additional $1 million of contingent consideration to be paid upon construction of one location. The Company paid these amounts during the year ended December 26, 2020. Aggregate consideration paid for these acquisitions, net of cash acquired, was approximately $117 million, and each acquisition was treated as an asset transaction for tax purposes.

A summary of assets acquired and liabilities assumed during fiscal year 2019 are as follows:

(in thousands)	ATI	Clairus	ABRA Group	CARSTAR	Other Maintenance	Total Purchase Price Allocation for Acquisitions
Assets acquired:						
Accounts and notes receivable, net	$ 8,078	$ 22,949	$ 648	$ —	$ 509	$ 32,184
Prepaid and other assets	320	695	—	—	—	1,015
Income tax receivable	—	3,227	—	—	—	3,227
Inventory	—	9,880	—	108	2,539	12,527
Property and equipment, net	262	6,241	1,645	525	6,980	15,653
Intangibles	18,200	120,261	38,000	—	—	176,461
Total identifiable assets	26,860	163,253	40,293	633	10,028	241,067
Goodwill	36,157	104,896	12,440	21,927	109,268	284,688
Total assets acquired	63,017	268,149	52,733	22,560	119,296	525,755
Liabilities assumed:						
Accrued expenses and other liabilities	7,038	7,622	202	—	2,409	17,271
Accounts payable	722	13,181	76	—	—	13,979
Deferred tax liabilities	—	31,009	—	—	—	31,009
Deferred franchise revenue	3,291	—	—	—	—	3,291
Total liabilities assumed	11,051	51,812	278	—	2,409	65,550
Non-controlling interest	—	1,445	—	—	—	1,445
Purchase consideration, net	$ 51,966	$ 213,512	$ 52,455	$ 22,560	$ 116,887	$ 457,380
Transaction costs (approx.)	1,000	3,000	1,000	1,000	6,000	12,000
Reportable segment (s)	Platform Services	Paint, Collison & Glass and Platform Services	Paint, Collison & Glass	Paint, Collison & Glass	Maintenance	

The Company updated its purchase accounting estimates during the year ended December 26, 2020 for the above noted acquisitions and, as a result, recorded an additional $5 million of goodwill during the year ended December 26, 2020. This adjustment primarily related to updated valuations received for certain acquired intangible assets for Clairus.

Note 5 —Property and Equipment

Property and equipment at December 26, 2020 and December 28, 2019 consisted of the following:

(in thousands)	December 26, 2020	December 28, 2019
Buildings	$ 7,547	$ 6,960
Land	770	333
Furniture and fixtures	16,497	13,636
Computer equipment and software	19,777	18,014
Shop equipment	18,091	15,111
Leasehold improvements	124,389	93,625
Finance lease right-of-use assets/capital leases	11,990	2,191
Vehicles	3,116	1,853
Construction in progress	19,943	18,987
Total property and equipment	222,120	170,710
Less: accumulated depreciation	(56,494)	(36,329)
Total property and equipment, net	$ 165,626	$ 134,381

Depreciation expense was $18 million and $13 million for the years ended December 26, 2020 and December 28, 2019, respectively.

Note 6 —Goodwill and Other Intangible Assets

Changes in the carrying amount of goodwill for the years ended December 26, 2020 and December 28, 2019 are as follows:

(in thousands)	Total
Balance at December 29, 2018	$ 588,244
Acquisitions	279,767
Foreign exchange	2,608
Balance at December 28, 2019	870,619
Acquisitions	20,595
Purchase price adjustments	4,921
Foreign exchange	2,404
Balance at December 26, 2020	$ 898,539

Intangible assets for the years ended December 26, 2020 and December 28, 2019 are as follows:

	Amortizable						Indefinite - Lived	
(in thousands)	Franchise Agreements	License Agreements	Membership Agreements	Customer Relationships	Developed Technology	Other	Trademarks	Total
Balance at December 28, 2019								
Gross carrying value	$ 209,043	$ 5,426	$ 11,600	$ 53,885	$ 21,799	$11,276	$ 408,393	$721,422
Accumulated amortization	(32,390)	(728)	(252)	(594)	(11,531)	(3,910)	—	(49,405)
Net carrying value	$ 176,653	$ 4,698	$ 11,348	$ 53,291	$ 10,268	$ 7,366	$ 408,393	$672,017
Balance at December 26, 2020								
Gross carrying value	$ 218,413	$ 12,036	$ 11,600	$ 59,270	$ 25,806	$ 9,554	$ 396,561	$733,240
Accumulated amortization	(40,858)	(1,731)	(1,759)	(4,890)	(17,655)	(9,554)		(76,447)
Net carrying value	$ 177,555	$ 10,305	$ 9,841	$ 54,380	$ 8,151	$ —	$ 396,561	$656,793

Intangible assets with definite lives are being amortized on a straight-line basis over the estimated useful life of each asset, typically 14 to 30 years for franchise agreements, seven to 20 years for license agreements, 14 to 16 years for customer relationships, and three to eight years for developed technology.

During the year ended December 26, 2020, the Company elected to discontinue the use of a trade name and, as a result, recognized a $3 million impairment charge, which is included as a component of Asset impairment charges in the consolidated statement of income.

Amortization expense was $18 million and $11 million for the years ended December 26, 2020 and December 28, 2019, respectively.

Amortization expense related to intangible assets for the next five fiscal years and thereafter is as follows:

(in thousands)	
2021	$ 16,898
2022	16,898
2023	16,898
2024	16,898
2025	16,898
Thereafter	175,742
Total amortization	$ 260,232

Note 7— Revenue from Contracts with Customers

The Company records contract assets for the incremental costs of obtaining a contract with a customer if it expects the benefit of those costs to be longer than one year and if such costs are material. Commission expenses, a primary cost associated with the sale of franchise licenses, are amortized to selling, general and administrative expenses in the consolidated statements of income ratably over the life of the associated franchise agreement.

Capitalized costs to obtain a contract as of December 26, 2020 and December 28, 2019 were $9 million and $7 million, respectively, and were presented within deferred commissions on the consolidated balance sheets. The Company recognized an immaterial amount of costs during the years ended December 26, 2020 and December 28, 2019, respectively, that were recorded as a contract asset at the beginning of the year.

Contract liabilities consist primarily of deferred franchise fees and deferred development fees. The Company has contract liabilities of $21 million and $14 million as of December 26, 2020 and December 28, 2019, respectively, which are presented within deferred revenue on the consolidated balance sheets. The Company recorded an immaterial amount of revenue during the years ended December 26, 2020 and December 28, 2019, respectively, that was recorded as a contract liability as of the beginning of the year.

Note 8—Long-term Debt

Our long-term debt obligations consist of the following:

(in thousands)	December 26, 2020	December 28, 2019
Series 2015-1 Securitization Senior Notes, Class A-2	$ —	$ 392,575
Series 2016-1 Securitization Senior Notes, Class A-2	—	43,425
Series 2018-1 Securitization Senior Notes, Class A-2	267,438	270,188
Series 2019-1 Securitization Senior Notes, Class A-2	294,000	297,000
Series 2019-2 Securitization Senior Notes, Class A-2	271,563	274,312
Series 2019-3 Variable Funding Securitization Senior Notes, Class A-1	—	59,499
Series 2020-1 Securitization Senior Notes, Class A-2	174,125	—
Series 2020-2 Securitization Senior Notes, Class A-2	450,000	—
Other debt [(1)]	15,845	—
Total debt	1,472,971	1,336,999
Less: debt issuance costs	(34,510)	(22,036)
Less: current portion of long-term debt	(16,563)	(13,050)
Total long-term debt, net	$ 1,421,898	$ 1,301,913

[(1)] Amount primarily consists of finance lease obligations.

2015-1 Securitization Senior Notes

On July 31, 2015, Driven Brands Funding, LLC (the "Master Issuer") issued $410 million 2015-1 5.216% Fixed Rate Securitization Senior Notes (the "2015 Senior Notes"). The 2015 Senior Notes have a final legal maturity date of July 20, 2045; however, they have an anticipated repayment date of July 20, 2022, with accrued interest paid quarterly. The 2015 Senior Notes are secured by substantially all assets of the Master Issuer and guaranteed by Driven Funding Holdco, LLC and various subsidiaries of the Master Issuer and, as of July 6, 2020, also became secured by substantially all assets of Driven Brands Canada Funding Corporation (the "Canadian Co-Issuer" and, together with the Master Issuer, the "Master Co-Issuers"), and guaranteed by Driven Canada Funding HoldCo Corporation and various subsidiaries of the Canadian Co-Issuer. The Company capitalized $9 million of debt issuance costs related to the 2015. On December 14, 2020, the 2015 Senior Notes were paid in full and approximately $2 million of debt issuance costs were written off to loss on debt extinguishment.

2016-1 Securitization Senior Notes

On May 20, 2016, the Master Issuer issued $45 million 2016-1 6.125% Fixed Rate Securitization Senior Notes (the "2016 Senior Notes"). The 2016 Senior Notes have a final legal maturity date of July 20, 2046; however, they have an anticipated repayment date of July 20, 2022, with accrued interest paid quarterly. The 2016 Senior Notes are secured by substantially all assets of the Master Issuer and, as of July 6, 2020, the Canadian Co-Issuer, which also became a co-issuer of the 2016-1 Securitization Senior Notes, and are guaranteed by the Securitization Entities (including, as of July 6, 2020, Driven Canada Holdco and various subsidiaries of the Canadian Co-Issuer). The Company capitalized $2 million of debt issuance costs related to the 2016 Senior Notes. On December 14, 2020 the 2016 Senior Notes were paid in full and approximately $1 million of debt issuance costs were written off to loss on debt extinguishment.

2018-1 Securitization Senior Notes

On April 24, 2018, the Issuer issued $275 million Series 2018-1 4.739% Fixed Rate Senior Secured Notes, Class A-2 (the "2018 Senior Notes"). The 2018 Senior Notes have a final legal maturity date of April 20, 2048; however, they have an anticipated repayment date of April 20, 2025, with accrued interest paid quarterly. The 2018 Senior Notes are secured by substantially all assets of the Issuer and are guaranteed by the Securitization Entities. The Company capitalized $7 million of debt issuance costs related to the 2018 Senior Notes.

2019-1 Securitization Senior Notes

On March 19, 2019, the Issuer issued $300 million Series 2019-1 4.641% Fixed Rate Senior Secured Notes, Class A-2 (the "2019-1 Senior Notes"). $90 million of the proceeds of the issuance of the 2019-1 Senior Notes on the issuance day were used to fund a deposit into the Pre-Funding Account. The Pre-Funding Account is intended to be used on account of growth and to fund eligible acquisitions. As of December 28, 2019, all proceeds were used to fund acquisitions in the period. The 2019-1 Senior Notes have a final legal maturity date of April 20, 2049; however, they have an anticipated repayment date of April 20, 2026, with accrued interest paid quarterly. The 2019-1 Senior Notes are secured by substantially all assets of the Issuer and are guaranteed by the Securitization Entities. The Company capitalized $6 million of debt issuance costs related to the 2019-1 Senior Notes.

2019-2 Securitization Senior Notes

On September 16, 2019, the Issuer issued $275 million Series 2019-1 3.981% Fixed Rate Senior Secured Notes, Class A-2 (the "2019-2 Senior Notes"). $75 million of the proceeds of the issuance of the 2019-2 Senior Notes on the issuance day were used to fund a deposit into the Pre-Funding Account. The Pre-Funding Account is intended to be used on account of growth and to fund eligible acquisitions. As of December 28, 2019, all proceeds were used to fund acquisitions in the period. The 2019-2 Senior Notes have a final legal maturity date of October 20, 2049; however, they have an anticipated repayment date of October 20, 2026, with accrued interest paid quarterly. The 2019-2 Senior Notes are secured by substantially all assets of the Issuer and are guaranteed by the Securitization Entities. The Company capitalized $6 million of debt issuance costs related to the 2019-2 Senior Notes.

Series 2019-3 Variable Funding Securitization Senior Notes

On December 11, 2019, the Issuer issued Series 2019-3 Variable Funding Senior Notes, Class A-1 (the "2019 VFN") in the revolving amount of $115 million. The 2019 VFN have a final legal maturity date of January 20, 2050. The commitment under the 2019 VFN expires on July 20, 2022, and is subject to three one-year extensions at the election of the Company. The 2019 VFN are secured by substantially all assets of the Issuer and are guaranteed by the Securitization Entities. The Issuer may elect interest at the Base Rate plus an applicable margin or LIBOR plus an applicable margin (the LIBOR rate as the applicable interest rate). The Company capitalized $1 million of debt issuance costs related to the 2019-3 VFN. No amounts were outstanding under the 2019 VFN as of December 26, 2020. As of December 26, 2020, there were $15 million of outstanding letters of credit that reduced the borrowing availability under the 2019 VFN.

2020-1 Securitization Senior Notes

On July 6, 2020, the Master Co-Issuers, each wholly owned indirect subsidiaries of the Company, issued $175 million 2020-1 Securitization Senior Notes (the "2020-1 Senior Notes"). The 2020-1 Senior Notes have a final legal maturity date of July 20, 2050; however, they have an anticipated repayment date of July 20, 2027, with accrued interest paid quarterly. The 2020-1 Senior Notes are secured by substantially all assets of the Master Co-Issuers and are guaranteed by the Canadian Co-Issuer and various subsidiaries of the Canadian Co-Issuer. The Company capitalized $11 million of debt issuance costs related to the 2020-1 Senior Notes.

2020-2 Securitization Senior Notes

On December 14, 2020, the Master Co-Issuers, each wholly owned indirect subsidiaries of the Company, issued $450 million 2020-2 Securitization Senior Notes (the "2020-2 Senior Notes"). The 2020-2 Senior Notes have a final legal maturity date of January 20, 2051; however, they have an anticipated repayment date of January 20, 2028, with accrued interest paid quarterly. The 2020-2 Senior Notes are secured by substantially all assets of the Master Co-Issuers and are guaranteed by the Securitization Entities. The Company capitalized $8 million of debt issuance costs related to the 2020-2 Senior Notes. The Company used the proceeds of these notes to fully repay the 2015-1 Senior Notes and 2016-1 Senior Notes detailed above.

Other Debt

On April 24, 2020, the Company entered into a bridge loan with a financial institution in the amount of $40 million, which was used to help finance 2020 acquisitions. The interest rate was based on LIBOR plus an applicable margin. The Company capitalized $1 million of debt issuance costs related to the bridge loan. The bridge loan was subsequently paid in full and approximately $1 million of debt issuance costs were written off to loss on debt extinguishment.

Scheduled debt repayments for the next five fiscal years and thereafter is as follows:

(in thousands)	
2021	$ 16,563
2022	16,166
2023	16,040
2024	15,895
2025	269,550
Thereafter	1,138,759
Total future repayments	$ 1,472,973

Guarantees and Covenants of the Notes

Substantially all of the assets of the Company, including most of the domestic and certain of the foreign revenue-generating assets, which principally consist of franchise-related agreements, certain company-operated stores, certain product distribution agreements, intellectual property and license agreements for the use of intellectual property, are owned by subsidiaries of the Master Issuer, and are pledged to secure the Notes. The restrictions placed on the Master Issuer and its subsidiaries require that interest and principal (if any) on the Notes be paid prior to any residual distributions to the Company, and amounts are segregated weekly to ensure appropriate funds are reserved to pay the quarterly interest and principal (if any) amounts due. The amount of weekly cash flow that exceeds all expenses and obligations of the Master Issuer and its subsidiaries (including required reserve amounts) is generally remitted to the Company in the form of a dividend.

The Notes are subject to certain quantitative covenants related to debt service coverage and leverage ratios. In addition, the agreements related to the Notes also contain various affirmative and negative operating and financial reporting covenants which are customary for such debt instruments. These covenants, among other things, limit the ability of the Master Issuer and its subsidiaries to sell assets; engage in mergers, acquisitions, and other business combinations; declare dividends or redeem or repurchase capital stock; incur, assume, or permit to exist additional indebtedness or guarantees; make loans and investments; incur liens; and enter into transactions with affiliates. In the event that certain covenants are not met, the Notes may become fully due and payable on an accelerated schedule. In addition, the Master Issuer may voluntarily prepay, in part or in full, any series of Class A-2 Notes at any time, subject to certain make-whole obligations.

As of December 26, 2020, the Master Issuer was in compliance with all covenants under the agreements discussed above.

Driven Brands, Inc. has no material separate cash flows or assets or liabilities as of December 26, 2020. All business operations are conducted through its operating subsidiaries and it has no material independent operations. Driven Brands, Inc. has no other material commitments or guarantees. As a result of the restrictions described above, $1.2 billion of the subsidiaries' net assets are effectively restricted in their ability to be transferred to Driven Brands, Inc. as of December 26, 2020.

Note 10—Leases

The Company's lease and sublease portfolio primarily consists of the real property leases related to franchisee service centers and company-operated service center locations, as well as office space and various vehicle and equipment leases. Leases for real property generally have terms ranging from 10 to 40 years, with most having one or more five-year renewal options. The Company does not include option periods in its determination of the lease term unless renewals are deemed reasonably certain to be exercised. Equipment and vehicle leases generally have terms ranging from one to five years. The Company's portfolio of leases does not contain any material residual value guarantees or restrictive covenants.

Our property lease agreements contain a lease component, which includes the right to use the real estate, and non-lease components, which include utilities and common area maintenance services. Lease components are accounted for under the ASC Topic on Leases, while non-lease components are accounted for under other GAAP Topics. We elected the practical expedient to account for the lease and non-lease components for property leases as a single lease component. Additional variable rent payments made during the lease term are not based on a rate or index and are excluded from the calculation of lease liabilities and are recognized as a component of variable lease expense as incurred. The Company's vehicle and equipment leases are comprised of a single lease component.

Finance lease right-of-use assets are depreciated on a straight-line basis over the lesser of the useful life of the leased asset or lease term. Finance lease liabilities are recognized using the effective interest method, with interest determined as the amount that results in a constant periodic discount rate on the remaining balance of the liability. Interest associated with finance lease liabilities is recognized in Interest expense, net, on the consolidated statements of income and is included in changes in accrued liabilities in the consolidated statements of cash flows. The principal portion of finance lease liabilities is included in other, net in the consolidated statements of cash flows.

The following table details our total investment in operating and finance leases where the Company is the lessee:

(in thousands)	December 26, 2020	December 29, 2019 [a]
Right-of-use assets		
Finance leases [b]	$ 11,990	$ 5,586
Operating leases	304,030	318,885
Total right-of-use assets	$ 316,020	$ 324,471
Current lease liabilities		
Finance leases [c]	$ 1,497	$ 404
Operating leases [d]	32,739	30,091
Total current lease liabilities	$ 34,236	$ 30,495
Long-term lease liabilities		
Finance leases [e]	$ 12,104	$ 5,184
Operating leases	280,081	294,040
Total long-term lease liabilities	$ 292,185	$ 299,224

(a) Adoption date of ASC 842.
(b) Finance lease right-of-use assets are included in property and equipment, net on the consolidated balance sheet.
(c) Current finance lease liabilities are included in current portion of long-term debt on the consolidated balance sheet.
(d) Current operating lease liabilities are included in accrued expenses and other liabilities on the consolidated balance sheet.
(e) Long-term finance lease liabilities are included in long-term debt on the consolidated balance sheet.

The lease cost for operating and finance leases recognized in the consolidated statement of income for the year ended December 26, 2020 were as follows:

(in thousands)	
Finance lease expense:	
Amortization of right-of-use assets	$ 969
Interest on lease liabilities	548
Operating lease expense	50,224
Short-term lease expense	192
Variable lease expense	614
Total lease expense, net	$ 52,547

The Company recorded a $3 million impairment loss during the year ended December 26, 2020 related to Company's decision to exit certain leased locations.

The Company also subleases certain facilities to franchisees and recognized $7 million and $8 million in sublease revenue during the years ended December 26, 2020 and December 28, 2019, respectively, as a component of supply and other revenue on the consolidated statements of income.

In April 2020, the Financial Accounting Standards Board issued guidance allowing entities to make a policy election to account for lease concessions related to the COVID-19 pandemic as though enforceable rights and obligations for those concessions existed. The election applies to any lessor-provided lease concession related to the impact of the COVID-19 pandemic, provided the concession does not result in a substantial increase in the rights of the lessor or in the obligations of the lessee. During the year ended December 26, 2020, we received concessions from certain landlords in the form of rent deferrals of approximately $2 million and an immaterial amount of rent abatements. We have elected to account for these rent concessions as though enforceable rights and obligations for those concessions existed in the original lease agreements and, as a result, the lease concessions were not considered modifications of the existing lease contract.

The weighted average remaining lease term as of December 26, 2020 was 11.3 years for finance leases and 10.6 years for operating leases. The weighted average discount rate as of December 26, 2020 was 5.78% for finance leases and 4.81% for operating leases.

Supplemental cash flow information related to the Company's lease arrangements for the year ended December 26, 2020 was as follows:

(in thousands)	
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows used in operating leases	$ 45,321
Operating cash flows used in finance leases	488
Financing cash flows used in finance leases	187
Right-of-use assets obtained in exchange for lease obligations:	
Operating leases	$ 347,991
Finance leases	11,238

As of December 26, 2020, future minimum lease payments under noncancellable leases were as follows:

(in thousands)	Finance	Operating	Receipts from subleases
2021	$ 1,751	$ 47,344	$ 6,474
2022	1,767	46,159	5,767
2023	1,605	44,264	4,593
2024	1,422	41,045	2,194
2025	1,378	38,698	1,672
Thereafter	9,105	221,185	5,562
Total undiscounted cash flows	17,028	438,695	$ 26,262
Less: Present value discount	3,427	125,875	
Less: Current lease liabilities	1,497	32,739	
Long-term lease liabilities	$ 12,104	$ 280,081	

Note 10—Income Taxes

The components of our income tax expense were as follows:

(in thousands)	Year Ended December 26, 2020	Year Ended December 28, 2019
Current:		
Federal	$ (825)	$ (537)
State	3,328	1,309
Foreign	4,108	889
Deferred:		
Federal	3,104	7,041
State	2,646	(5,259)
Foreign	1,044	1,383
Total income tax expense	$ 13,405	$ 4,826

Deferred tax assets (liabilities) are comprised of the following:

(in thousands)	December 26, 2020	December 28, 2019
Deferred tax asset		
Accrued liabilities	$ 6,349	$ 456
Accounts receivable allowance	4,735	7,276
Net operating loss carryforwards	16,618	15,759
Lease market adjustments	—	2,254
Lease liabilities	81,450	—
Interest expense limitation	5,638	11,269
Deferred revenue	4,701	822
Other deferrred assets	410	3,343
Total deferred tax asset	119,901	41,179
Less valuation allowance	(668)	—
Net deferred tax asset	119,233	41,179
Deferred tax liabilities		
Goodwill and intangible assets	154,875	150,459
Right of use lease assets	79,000	—
MAF fund balance	—	177
Fixed asset basis differences	2,145	—
Unrealized foreign exchange differences	1,217	—
Other deferred liabilities	2,438	3,044
Total deferred liabilities	239,675	153,680
Net deferred liabilities	$ 120,442	$ 112,501

The Company's effective tax rate for the year ended December 26, 2020, differs from the federal statutory rate primarily due to state tax expense and recording of uncertain tax positions. The Company's effective tax rate for the year ended December 28, 2019 differs from the U.S. Federal statutory income tax rate primarily due to return-to-provision adjustments and state tax expense.

As of December 28, 2019, Driven Brands had a liability for uncertain tax positions of zero. During 2020, the Company recorded uncertain positions tax expense of approximately $2 million. The Company has elected to treat interest and penalties associated with uncertain tax position as tax expense. The Company does not estimate any change to the position in the next 12 months. Based on management analysis, the Company does not believe any historical unrecognized tax benefits significantly changed during the years ended December 26, 2020 or December 28, 2019. The Company does not believe any remaining unrecognized tax benefits will significantly change in the next fiscal year.

The Company files income tax returns in the U.S., Canada, and various state and foreign jurisdictions. Examinations by the Canada Revenue Agency and various state taxing authorities covering years 2014 to 2018 are on-going. The Company is generally subject to income tax examinations for years 2014 through 2019 and believes appropriate provisions for all outstanding matters have been made for all jurisdictions and open years.

As of December 26, 2020, the Company had pre-tax federal operating loss carry forwards of $54 million, which will begin to expire in 2032. State tax effected net operating loss carryforwards are $4 million for which portions begin to expire in the current year. Some of the federal net operating losses are subject to certain limitations under IRC Sect. 382, however, the Company believes that these losses are more likely than not to be utilized. As of December 26, 2020, the Company had Canada net operating loss carryforwards of $3 million for which portions of the operating loss carryforwards begin to expire in 2021. As of December 26, 2020, the Company had $238 million of goodwill that was deductible for tax purposes.

The Company has designated the undistributed earnings of its foreign operations as indefinitely reinvested and as a result the Company does not provide for deferred income taxes on the unremitted earnings of these subsidiaries. As of December 26, 2020, the determination of the amount of such unrecognized deferred tax liability is not practicable.

Note 11—Related-Party Transactions

Under the Meineke Franchise and Trademark Agreement with franchisees, each Meineke franchisee and each company-operated shop is required to contribute weekly advertising funds to the applicable Meineke Advertising Fund ("MAF"). Meineke obtains various types of advertising on behalf of the MAF through various advertising agencies or service providers. The cost of this advertising is then billed to the MAF. Meineke receives a fee of 2.75% of MAF cash collections for administering the advertising and marketing programs funded by the MAF and for collecting fees on behalf of the MAF. These fees totaled less than $1 million for the years ended December 26, 2020 and December 28, 2019, respectively. As of December 26, 2020 and December 28, 2019, respectively, Meineke had both a receivable and payable of $3 million related to the MAF for such services and advertising to be placed on behalf of the franchisees.

The Company has an advisory services agreement with an affiliate of the Ultimate Parent, which provides that the Company pay an annual advisory services fee to the Ultimate Parent in the amount of $1 million and an additional fee based on earnings growth since inception, plus certain out-of-pocket expenses incurred by the Ultimate Parent. For each of the years ended December 26, 2020 and December 28, 2019, respectively, the Company paid $5 million and $2 million to the Ultimate Parent. The Company and Roark terminated all advisory services agreements in January 2021 in connection with the Company's initial public offering. See Note 14 for additional details.

During the year ended December 28, 2019, the Company paid a $163 million cash dividend to Driven Investor LLC (the parent to the Ultimate Parent). $155 million was paid directly to Driven Investor LLC through the closing of the Series 2019-1 debt transaction and the remaining $8 million was paid out of the Company's operating cash.

On June 8, 2015, the Company provided a loan of $1 million secured by a Promissory Note, which was scheduled to mature in July 2020 to an Executive of the Company in connection with that Executive's purchase of 1,500 Units of Driven Investor LLC. Those units were pledged to Driven Brands, Inc. as security for repayment of the loan. On February 7, 2020, the loan was settled and extinguished.

Note 12—Employee Benefit Plans

The Company has a 401(k) plan that covers eligible employees as defined by the plan agreement. Employer contributions to the plan were less than $1 million in 2020 and 2019.

The Company has a rabbi trust to fund the obligations of its non-qualified deferred compensation plan for its executive level employees, which became effective as of January 1, 2018. The rabbi trust comprises various mutual fund investments selected by plan participants. The Company records the mutual fund investment assets at fair value with any subsequent changes in fair value recorded in the consolidated statements of income. As such, offsetting changes in the asset values and defined contribution plan obligations would be recorded in earnings in the same period. The trust asset balances were $1 million and the deferred compensation plan liability balances were $1 million as of December 26, 2020 and December 28, 2019, respectively. The trust assets and liabilities are recorded within prepaid and other assets and accrued expenses and other liabilities, respectively, within the consolidated balance sheets.

Note 13—Equity Agreements and Incentive Equity Plan

On April 17, 2015, Driven Investor LLC entered into a limited liability company agreement (the "Equity Plan"). The Equity Plan, among other things, established the ownership of certain membership units in Driven Investor LLC and defined the distribution rights and allocations of profits and losses associated with those membership units. Additionally, the Equity Plan calls for certain restrictions regarding transfers of units, corporate governance and Board of Director representation.

In April 2015, Driven Investor LLC established certain profits interest units as part of the award agreements (the Award Agreements). The Award Agreements provide for grants of certain profits interest units to employees, directors or consultants of Driven Investor LLC and Subsidiaries. As of December 26, 2020, Driven Investor LLC had approximately 6,012 total Profits Interest Units reserved for issuance under the Equity Plan.

The Profits Interest Time Units generally become vested in five installments of 20% on each of the first five anniversaries of the grant date or vesting date, if one exists, provided that the employee remains in continuous service on each vesting date. All outstanding Profits Interest Time Units shall vest immediately prior to the effective date of a change in control, as defined by the equity award agreements.

Profits Interest Performance Units will vest immediately prior to the effective date of a change in control (as long as such change in control is consummated). The percentage of vesting is based on achieving certain performance criteria. Vesting will not occur unless a minimum performance criteria threshold is achieved.

For both the Profits Interest Time Units and Profits Interest Performance Units, if the grantee's continuous service terminates for any reason, the Grantee shall forfeit all right, title, and interest in and to any unvested units as of the date of such termination, unless the grantee's continuous service period is terminated by the Company without cause within the six-month period prior to the date of consummation of the change in control. In addition, the grantee shall forfeit all right, title, and interest in and to any vested units if the grantee is terminated for cause, breaches any post-termination covenants, or for failing to execute any general release required to be executed. The Profits Interest Performance Units are also subject to certain performance criteria which may cause the units not to vest.

	Time Units	Weighted Average Grant Date Fair Value, per unit	Performance Units	Weighted Average Grant Date Fair Value, per unit
Outstanding as of December 29, 2018	13,778	$ 501	24,736	$ 353
Forfeited/Cancelled	(197)	1,085	(100)	858
Outstanding as of December 28, 2019	13,581	492	24,636	351
Granted	13,055	696	25,597	693
Forfeited/Cancelled	(2,668)	976	(8,387)	894
Repurchases	(6,677)	288	—	—
Outstanding as of December 26, 2020	17,291	$ 652	41,846	$ 554

The Company recognized $1 million in compensation expense for the Profits Interest Time Units in 2020 and 2019. The Company has unrecognized compensation expense of $8 million related to unvested time units which it will recognize over a weighted-average vesting period of four years. As of December 26, 2020 and December 28, 2019 no compensation expense for the Profits Interest Performance Units was recognized given that none of the performance criteria were met or probable.

The fair value of all incentive units granted was estimated using a Black-Scholes option pricing model using the following weighted-average assumptions for each of fiscal 2020 and 2019:

	Fiscal year ended	
	December 26, 2020	**December 28, 2019**
Annual dividend yield	— %	— %
Weighted-average expected life (Years)	1.84	3.00
Risk-free interest rate	0.91 %	2.90 %
Expected volatility	46.70 %	40.00 %

The expected term of the incentive units is based on evaluations of historical and expected future employee behavior. The risk-free interest rate is based on the U.S. Treasury rates at the date of grant with maturity dates approximately equal to the expected life at the grant date. Volatility is based on the historical volatility of guideline public entities that are similar to the Company, as the Company does not have sufficient historical transactions of its own shares to calculate expected volatility. As of December 26, 2020, the Company does not intend to pay dividends or distributions in the future.

Note 14 - Subsequent Events

The Company evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through April 23, 2021, the date the financial statements were available to be issued.

On January 14, 2021, the Ultimate Parent completed an initial public offering of approximately 32 million shares of common stock.

UNAUDITED FINANCIAL STATEMENTS

THESE FINANCIAL STATEMENTS WERE PREPARED WITHOUT AN AUDIT. INVESTORS IN OR SELLERS OF THIS FRANCHISE SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED AN OPINION WITH REGARD TO THEIR CONTENTS OR FORM.

Consolidated Financial Statements
Unaudited

Driven Brands, Inc. and Subsidiaries

For the three months ended
March 26, 2022 and March 27, 2021

DRIVEN BRANDS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
(UNAUDITED)

(in thousands)	March 26, 2022	December 25, 2021
Assets		
Current assets:		
Cash and cash equivalents	$ 110,419	$ 82,676
Restricted cash	657	657
Accounts and notes receivable, net	129,538	105,838
Inventory	35,141	34,092
Prepaid and other assets	16,586	17,644
Income tax receivable	5,070	1,539
Inter-company receivable	130,527	384,432
Advertising fund assets, restricted	51,281	45,360
Assets held for Sale	3,275	3,275
Total current assets	482,494	675,513
Notes receivable, net	4,243	2,184
Inter-company receivable	128,144	128,144
Property and equipment, net	238,970	222,870
Operating lease right-of-use assets	320,077	312,470
Deferred commissions	10,623	10,567
Intangibles, net	694,116	645,816
Goodwill	1,061,547	938,137
Total assets	$ 2,940,214	$ 2,935,701
Liabilities and shareholders' equity		
Current liabilities:		
Accounts payable	$ 67,069	$ 67,897
Income taxes payable	20,560	5,109
Accrued expenses and other liabilities	143,269	190,016
Current portion of long-term debt	18,295	21,527
Advertising fund liabilities	29,022	26,441
Total current liabilities	278,215	310,990
Long-term debt, net	1,863,701	1,860,144
Operating lease liabilities	301,231	295,897
Deferred tax liabilities	136,610	136,007
Deferred revenue	27,939	27,456
Accrued expenses and other long-term liabilities	3,081	2,739
Total liabilities	2,610,777	2,633,233
Shareholders' equity:		
Class A common stock, $.01 par value, authorized 60,000,000 voting shares; 56,560,217 shares issued and outstanding at March 26, 2022 and December 25, 2021	565	565
Class B common stock, $.01 par value, authorized 12,461,152 non-voting shares; 0 shares issued and outstanding at March 26, 2022 and December 25, 2021	—	—
Additional paid-in-capital	252,201	247,505
Retained earnings	73,670	55,615
Accumulated other comprehensive income (loss)	2,582	(1,623)
Total shareholders' equity attributable to Driven Brands Holdings Inc.	329,018	302,062
Non-controlling interests	419	406
Total shareholders' equity	329,437	302,468
Total liabilities and shareholders' equity	$ 2,940,214	$ 2,935,701

DRIVEN BRANDS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF OPERATIONS
(UNAUDITED)

(in thousands, except per share amounts)	For the three months ended March 26, 2022	For the three months ended March 27, 2021
Revenue:		
Franchise royalties and fees	$ 37,888	30,414
Company-operated store sales	197,896	126,806
Advertising contributions	19,698	17,255
Supply and other revenue	53,566	40,279
Total revenue	309,048	214,754
Operating expenses:		
Company-operated store expenses	118,104	75,888
Advertising expenses	19,698	17,255
Supply and other expenses	31,516	21,653
Selling, general and administrative expenses	77,892	56,608
Acquisition costs	2,500	1,553
Store opening costs	499	289
Depreciation and amortization	11,168	8,747
Asset impairment charges and lease terminations (gain) loss	(104)	1,011
Total operating expenses	261,273	183,004
Operating income	47,775	31,750
Other (income) expense, net		
Interest expense, net	19,339	16,200
Loss on debt extinguishment	—	51
Gain on foreign currency transactions, net	(1,739)	(3,285)
Total other expenses, net	17,600	12,966
Income before taxes	30,175	18,784
Income tax expense (benefit)	12,120	(5,559)
Net income	18,055	24,343
Net income attributable to non-controlling interests	—	19
Net income attributable to Driven Brands, Inc.	$ 18,055	$ 24,324

DRIVEN BRANDS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY
(UNAUDITED)

in thousands	Common stock, Class A and B	Additional paid-in-capital	Retained earnings	Accumulated other comprehensive income	Non-controlling interest	Total shareholders' equity
Balance as of December 26, 2020	$ 565	$ 246,172	$ 40,393	$ 1,595	$ 1,364	$ 290,089
Net income	—	—	24,324	—	19	24,343
Other comprehensive income	—	—	—	2,870	22	2,892
Equity-based compensation expense	—	983	—	—	—	983
Other	—	(19)	—	—		(19)
Balance as of March 27, 2021	$ 565	$ 247,136	$ 64,717	$ 4,465	$ 1,405	$ 318,288

	Common stock, Class A and B	Additional paid-in-capital	Retained earnings	Accumulated other comprehensive income (loss)	Non-controlling interest	Total shareholders' equity
Balance as of December 25, 2021	$ 565	$ 247,505	$ 55,615	$ (1,623)	$ 406	$ 302,468
Net income	—	—	18,055	—	—	18,055
Other comprehensive income	—	—	—	4,205	13	4,218
Equity-based compensation expense	—	2,618	—	—	—	2,618
Net contributions from Parent	—	2,078	—	—	—	2,078
Balance as of March 26, 2022	$ 565	$ 252,201	$ 73,670	$ 2,582	$ 419	$ 329,437

DRIVEN BRANDS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
(UNAUDITED)

	Three months ended	
(in thousands)	**March 26, 2022**	**March 27, 2021**
Net income	$ 18,055	$ 24,324
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	11,168	8,747
Noncash lease cost	9,621	11,176
Gain on foreign denominated transactions and hedges	(1,739)	(3,206)
Bad debt expense	365	633
Asset impairment costs	971	1,012
Amortization of deferred financing costs and bond discounts	1,533	1,503
Provision for deferred income taxes	(891)	(6,898)
Loss on extinguishment of debt	—	51
Other, net	1,051	993
Changes in assets and liabilities:		
Accounts and notes receivable, net	(17,280)	(18,495)
Inventory	(806)	248
Inter-company receivable, net	253,905	(29,803)
Prepaid and other assets	2,383	507
Advertising fund assets and liabilities, restricted	(1,205)	2,621
Deferred commissions	(39)	(573)
Deferred revenue	455	1,551
Accounts payable	(611)	8,618
Accrued expenses and other liabilities	(63,247)	(13,397)
Income tax receivable	11,968	1,302
Operating lease liabilities	(3,871)	(8,314)
Cash provided by (used in) operating activities	221,786	(17,400)
Cash flows from investing activities:		
Capital expenditures	(19,296)	(12,992)
Cash used in business acquisitions, net of cash acquired	(172,277)	(1,963)
Proceeds from sale-leaseback transactions	2,559	—
Cash used in investing activities	(189,014)	(14,955)
Cash flows from financing activities:		
Repayment of long-term debt	(4,817)	(3,529)
Repayments of revolving lines of credit and short-term debt	—	(114,800)
Proceeds from revolving lines of credit and short-term debt	—	114,800
Repayment of principal portion of finance lease liability	(540)	(295)
Net contribution from Parent	2,078	—
Cash used in financing activities	(3,279)	(3,824)
Effect of exchange rate changes on cash	380	504

Net change in cash, cash equivalents, restricted cash, and cash included in advertising fund assets, restricted	29,873	(35,675)
Cash and cash equivalents, beginning of period	82,676	129,208
Cash included in advertising fund assets, restricted, beginning of period	38,586	19,369
Restricted cash, beginning of period	657	6,888
Cash, cash equivalents, restricted cash, and cash included in advertising fund assets, restricted, beginning of period	121,919	155,465
Cash and cash equivalents, end of period	110,419	98,630
Cash included in advertising fund assets, restricted, end of period	40,716	21,160
Restricted cash, end of period	657	—
Cash, cash equivalents, restricted cash, and cash included in advertising fund assets, restricted, end of period	$ 151,792	$ 119,790

GUARANTEE OF PERFORMANCE

For value received, **DRIVEN SYSTEMS LLC**, a Delaware limited liability company located at 440 South Church Street, Suite 700, Charlotte, North Carolina 28202 (the "Guarantor"), absolutely and unconditionally guarantees to assume the duties and obligations of **FUSA FRANCHISOR SPV LLC**, located at 440 South Church Street, Suite 700, Charlotte, North Carolina 28202 (the "Franchisor"), under its franchise registration in each state where the franchise is registered, and under its Franchise Agreement identified in its 2022 Franchise Disclosure Document, as it may be amended, and as that Franchise Agreement may be entered into with franchisees and amended, modified or extended from time to time. This guarantee continues until all such obligations of the Franchisor under its franchise registrations and the Franchise Agreement are satisfied or until the liability of Franchisor to its franchisees under the Franchise Agreement has been completely discharged, whichever first occurs. The Guarantor is not discharged from liability if a claim by a franchisee against the Franchisor remains outstanding. Notice of acceptance is waived. The Guarantor does not waive receipt of notice of default on the part of the Franchisor. This guarantee is binding on the Guarantor and its successors and assigns.

The Guarantor signs this guarantee at Cumming, Georgia on the 23rd day of May, 2022.

GUARANTOR:

DRIVEN SYSTEMS LLC

By: Scott O'Melia

Name: Scott O'Melia

Title: Executive Vice President and Secretary

EXHIBIT D
TO FRANCHISE DISCLOSURE DOCUMENT

STATEMENT OF PROSPECTIVE FRANCHISEE

FRANCHISEE DISCLOSURE STATEMENT

As you know, FUSA Franchisor SPV LLC and you are preparing to enter into a Franchise Agreement for the operation of a FIX AUTO Franchised Business. In this Franchisee Disclosure Statement, FUSA Franchisor SPV LLC is referred to as "**we**," "**us**" or "**our**." The purpose of this Statement is to determine whether any representations or promises were made to you that we did not authorize and that may be untrue, inaccurate or misleading. Please review each of the following questions carefully and provide honest and complete responses to each question.

1. Have you received and personally reviewed our Franchise Disclosure Document and each exhibit, addendum and schedule attached to it, including the Franchise Agreement?

   Yes _____ No _____

2. Do you understand all of the information contained in the Franchise Disclosure Document and each exhibit, addendum and schedule attached to it, including the Franchise Agreement?

   Yes _____ No _____

   If "No", what parts of the Franchise Disclosure Document do you not understand? (Attach additional pages, if necessary.)

   _____

   _____

3. Do you understand the benefits and risks of operating a Franchise business and were you given the time to discuss those benefits and risks with an attorney, accountant or other professional advisor if you so choose?

   Yes _____ No _____

4. Do you understand that the success or failure of your business will depend in large part upon your skills and abilities, competition from other businesses, interest rates, inflation, labor and supply costs, lease terms and other economic and business factors?

   Yes _____ No _____

5. Has any employee or other person speaking on our behalf made any statement or promise concerning the revenues, profits or operating costs of the Franchise Business that we or our franchisees operate?

   Yes _____ No _____

6. Has any employee or other person speaking on our behalf made any statement or promise concerning a Franchise business that is contrary to, or different from, the information contained in the Franchise Disclosure Document?

   Yes _____ No _____

7. Has any employee or other person speaking on our behalf made any statement or promise regarding the amount of money you may earn in operating a Franchise business?

   Yes _____ No _____

8. Has any employee or other person speaking on our behalf made any statement or promise concerning the total amount of revenue a Franchise business will generate?

   Yes _____ No _____

9. Has any employee or other person speaking on our behalf made any statement or promise regarding the costs you may incur in operating a Franchise business that is contrary to, or different from, the information contained in the Disclosure Document?

   Yes _____ No _____

10. Has any employee or other person speaking on our behalf made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a Franchise business?

    Yes _____ No _____

11. Has any employee or other person speaking on our behalf made any statement, promise or agreement concerning the advertising, marketing, training, support service or assistance that we will furnish to you that is contrary to, or different from, the information contained in the Franchise Disclosure Document?

    Yes _____ No _____

    If you have answered "Yes" to any of questions five (5) through eleven (11), please provide a full explanation of your answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below.) If you have answered "No" to each of such questions, please leave the following lines blank.

    _____

    _____

    _____

    _____

    _____

    _____

    _____

12. Do you understand that in all dealings with you, our officers, directors, employees and agents act only in a representative capacity and not in an individual capacity and such dealings are solely between you and us?

    Yes _____ No _____

You understand that your answers are important to us and that we will rely on them. By signing this Franchisee Disclosure Statement, you are representing that you have responded truthfully to the above questions.

_____
Signature of Franchisee/Applicant

_____
Print Name of Franchisee/Applicant

Date: _____, 20___

EXHIBIT E
TO FRANCHISE DISCLOSURE DOCUMENT

TABLE OF CONTENTS OF THE OPERATIONS PLAYBOOK

Driven Brands Collision Operational Operations Playbook

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EXHIBIT F
TO FRANCHISE DISCLOSURE DOCUMENT

GENERAL RELEASE OF ALL CLAIMS

GENERAL RELEASE OF ALL CLAIMS

_____ ("**FRANCHISEE**") and _____, an individual ("**GUARANTOR**") enter into this General Release on _____, with reference to the following facts:

1. On _____, FUSA Franchisor SPV LLC, a Delaware limited liability company ("**FRANCHISOR**"), and FRANCHISEE entered into a Franchise Agreement (the "**Franchise Agreement**") to operate a Franchised Business located at _____ (the "**Premises**"). GUARANTOR guaranteed FRANCHISEE's performance under the Franchise Agreement pursuant to a Guarantee and Assumption of Obligations (the "**Guarantee**").

2. In consideration of FRANCHISOR'S processing and approval of (check one):

(i) ___ Franchisee's request to terminate the Franchise Agreement, the Guarantee and all related agreements;

(ii) ___ Franchisee's request to transfer/assign the Franchise Agreement and all related agreements to transferee/assignee;

(iii) ___ Franchisee's renewal of the Franchise Agreement and related agreements; or

(iv) ___ an extension, modification, or release of any indebtedness or obligations of Franchisee, or the settlement, adjustment or compromise of any claims against Franchisee under the terms of the Franchise Agreement or related agreements.

The Franchise Agreement provides that FRANCHISEE must sign this General Release as a condition to such approval by Franchisor. All capitalized terms not otherwise defined in this General Release shall have the same meaning as in the Franchise Agreement and/or the Guarantee.

3. For valuable consideration, the receipt and sufficiency of which is hereby acknowledged, FRANCHISEE and GUARANTOR hereby release and forever discharge FRANCHISOR, its parents and subsidiaries and the directors, officers, employees, attorneys and agents of said corporations, and each of them, from any and all claims, obligations, liabilities, demands, costs, expenses, damages, actions and causes of action, of whatever nature, character or description, known or unknown (collectively, "**Damages**"), which arose on or before the date of this General Release, including any Damages with respect to the Franchise Agreement, the Franchised Business, the Premises and the Guarantee. FRANCHISEE waives any right or benefit which FRANCHISEE or GUARANTOR may have under Section 1542 of the California Civil Code or any equivalent law or statute of any other state. Section 1542 of the California Civil Code reads as follows:

> "A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party."

4. This General Release sets forth the entire agreement and understanding of the parties regarding the subject matter of this General Release and any agreement, representation or understanding, express or implied, heretofore made by any party or exchanged between the parties are hereby waived and canceled.

5. This Agreement shall be binding upon each of the parties to this General Release and their respective heirs, executors, administrators, personal representatives, successors and assigns.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the day and year set forth above.

FRANCHISEE:

By: _____

Print Name: _____

Title: _____

GUARANTOR:

_____, an individual

EXHIBIT G
TO FRANCHISE DISCLOSURE DOCUMENT

STATE-SPECIFIC ADDENDA AND FRANCHISE AGREEMENT RIDERS

ADDITIONAL DISCLOSURES TO THE
MULTI-STATE FRANCHISE DISCLOSURE DOCUMENT OF
FUSA FRANCHISOR SPV LLC

The following are additional disclosures for the Franchise Disclosure Document of FUSA Franchisor SPV LLC required by various state franchise laws. Each provision of these additional disclosures will only apply to you if the applicable state franchise registration and disclosure law applies to you.

CALIFORNIA

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

2. SECTION 31125 OF THE FRANCHISE INVESTMENT LAW REQUIRES US TO GIVE YOU A DISCLOSURE DOCUMENT APPROVED BY THE COMMISSIONER OF FINANCIAL PROTECTION & INNOVATION BEFORE WE ASK YOU TO CONSIDER A MATERIAL MODIFICATION OF YOUR FRANCHISE AGREEMENT.

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

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

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

5. The following paragraphs are added at the end of the chart in Item 17 of the Disclosure Document:

> California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer, or nonrenewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, and the law applies, the law will control.
>
> The Franchise Agreement provides for termination upon insolvency. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Section 101 et seq.).
>
> The Franchise Agreement requires binding arbitration before a single arbitrator in the county where our then headquarters is located. You will be required to travel to that location and pay the expenses you incur in any such arbitration proceeding. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil

Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

The Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

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

6. The following additional disclosures are added to the Disclosure Document:

The maximum interest rate allowed by law in California is 10% annually.

Each owner of the franchise is required to execute a personal guaranty. Doing so could jeopardize the marital assets of non-owner spouses domiciled in community property states such as California.

MINNESOTA

1. The following sentence is added at the end of Item 13 of the Disclosure Document:

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

2. The following paragraphs are added at the end of the chart in Item 17 of the Disclosure Document:

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

Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J might prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial or requiring you to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Disclosure Document and Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes 1984, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction. Those provisions also provide that no condition, stipulation or provision in the Franchise Agreement will in any way abrogate or reduce any of your rights under the Minnesota Franchises Law, including, if applicable, the right to submit matters to the jurisdiction of the courts of Minnesota.

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

WASHINGTON

1. The following additional disclosures are added to the Disclosure Document:

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.

2. Use of Franchise Brokers:

Use of Franchise Brokers. The franchisor may use the services of franchise brokers to assist it in selling franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. Do not rely only on the information provided by a franchise broker about a franchise. Do your own investigation by contacting the franchisor's current and former franchisees to ask them about their experience with the franchisor.

****

ASSURANCE OF DISCONTINUANCE
STATE OF WASHINGTON

To resolve an investigation by the Washington Attorney General and without admitting any liability, Our Predecessor entered into an Assurance of Discontinuance ("AOD") with the State of Washington, where it agreed to remove from the form franchise agreement a provision which restricts a franchisee from soliciting and/or hiring the employees of other FIX AUTO Shop franchisees and/or Our Predecessor's employees, which the Attorney General alleges violates Washington state and federal antitrust and unfair practices laws. Our Predecessor agreed, as part of the AOD, to not enforce any such provisions in any existing franchise agreement, to request that FIX AUTO Shop franchisees in Washington amend their existing franchise agreements to remove such provisions, and to notify FIX AUTO Shop franchisees about the entry of the AOD. In addition, the State of Washington did not assess any fines or other monetary penalties against Our Predecessor.

THE FOLLOWING PAGES IN THIS EXHIBIT ARE STATE-SPECIFIC RIDERS TO THE FRANCHISE AGREEMENT

RIDER TO THE FUSA FRANCHISOR SPV LLC
FRANCHISE AGREEMENT
FOR USE IN CALIFORNIA

THIS RIDER (this "Rider") is made and entered into this ____ day of _____, 20____, by and between FUSA FRANCHISOR SPV LLC ("Franchisor") and _____ ("Franchisee").

1. **BACKGROUND**. Franchisor and Franchisee are parties to that certain Franchise Agreement dated _____, 20__ (the "Franchise Agreement"). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the offer or sale of the franchise for the FIX AUTO Shop that Franchisee will operate under the Franchise Agreement was made in the State of California and the FIX AUTO Shop will operate in California, or (b) Franchisee is a resident of the State of California and will operate its FIX AUTO Shop in California.

2. **REQUIRED CALIFORNIA DISCLOSURE**. The following is added as a new Section 17.C of the Franchise Agreement:

> C. No disclaimer, questionnaire, clause, or statement signed by Franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by Franchisor or any broker or other person acting on behalf of Franchisor that was a material inducement to Franchisee's investment. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

[Signatures on Following Page]

IN WITNESS WHEREOF, Franchisee and Franchisor have executed and delivered this Rider in counterparts on the day and year first above written. This Rider may be signed with full legal force and effect using electronic signatures and records.

FRANCHISOR
FUSA Franchisor SPV LLC,
a Delaware limited liability company

By: _____

Printed Name: _____

Title: _____

Date: _____

FRANCHISEE
If Franchisee is an individual:

Signature: _____

Printed Name: _____

Date: _____

Signature: _____

Printed Name: _____

Date: _____

If Franchisee is a corporation or other entity:

_____
Legal Name of Franchisee Entity

a _____ (Jurisdiction of Formation) Corporation, LLC or Partnership

By:
_____

Printed Name:
_____

Title:
_____

Date:
_____

RIDER TO THE FUSA FRANCHISOR SPV LLC
FRANCHISE AGREEMENT
FOR USE IN MINNESOTA

THIS RIDER (this "Rider") is made and entered into this ____ day of _____, 20____, by and between FUSA FRANCHISOR SPV LLC ("Franchisor") and _____ ("Franchisee").

1. **BACKGROUND**. Franchisor and Franchisee are parties to that certain Franchise Agreement dated _____, 20__ (the "Franchise Agreement"). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the FIX AUTO Shop that Franchisee will operate under the Franchise Agreement will be located in Minnesota; and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in Minnesota.

2. **NOTIFICATION OF INFRINGEMENT AND CLAIMS**. The following sentence is added to the end of Section 5.3 of the Franchise Agreement:

> Provided Franchisee has complied with all provisions of this Agreement applicable to the Marks, Franchisor will protect Franchisee's right to use the Marks and will indemnify Franchisee from any loss, costs or expenses arising out of any claims, suits or demands regarding Franchisee's use of the Marks in accordance with and to the extent required by Minn. Stat. Sec. 80C 12, Subd. 1(g).

3. **RELEASES**. The following is added to the end of Sections 1.4(5), 1.8, 12.3(10) and 14.4.B of the Franchise Agreement:

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

4. **RENEWAL AND TERMINATION**. The following is added to the end of Sections 1.6 and 13 of the Franchise Agreement:

> With respect to franchises governed by Minnesota law, Franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that Franchisee be given ninety (90) days' notice of termination (with sixty (60) days to cure) and one hundred eighty (180) days' notice of non-renewal of this Agreement.

5. **LIQUIDATED DAMAGES**. The following language is added to the end of Sections 4.17 and 12.6 of the Franchise Agreement:

> Franchisor and Franchisee acknowledge that certain parts of this provision might not be enforceable under Minn. Rule Part 2860.4400J. However, Franchisor and Franchisee agree to enforce the provision to the extent the law allows.

6. **VENUE**. The following language is added to the end of Section 15.2 of the Franchise Agreement:

> Notwithstanding the foregoing, Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit Franchisor, except in certain specified cases, from requiring litigation to be conducted outside of Minnesota. Nothing in this Agreement will abrogate or reduce any

of Franchisee's rights under Minnesota statutes Chapter 80C or Franchisee's rights to any procedure, forum or remedies that the laws of the jurisdiction provide.

7. **WAIVER OF JURY TRIAL**. If and then only to the extent required by the Minnesota Franchises Law, Section 15.3.A of the Franchise Agreement is deleted in its entirety.

8. **PERIODS IN WHICH TO MAKE CLAIMS**. The following is added to the end of Section 15.5 of the Franchise Agreement:

Notwithstanding the foregoing, Minnesota law provides that no action may be commenced under Minn. Stat. Sec. 80C.17 more than three (3) years after the cause of action accrues.

9. **GOVERNING LAW**. The following language is added to the end of Section 15.8 of the Franchise Agreement:

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

[Signatures on Following Page]

IN WITNESS WHEREOF, Franchisee and Franchisor have executed and delivered this Rider in counterparts on the day and year first above written. This Rider may be signed with full legal force and effect using electronic signatures and records.

FRANCHISOR
FUSA Franchisor SPV LLC,
a Delaware limited liability company

By: _____

Printed Name: _____

Title: _____

Date: _____

FRANCHISEE
If Franchisee is an individual:

Signature: _____

Printed Name: _____

Date: _____

Signature: _____

Printed Name: _____

Date: _____

If Franchisee is a corporation or other entity:

_____
Legal Name of Franchisee Entity

a _____ (Jurisdiction of Formation) Corporation, LLC or Partnership

By:
_____

Printed Name:
_____

Title:
_____

Date:
_____

FUSA FRANCHISOR SPV LLC
WASHINGTON RIDER TO THE FRANCHISE AGREEMENT, STATEMENT OF PROSPECTIVE FRANCHISEE, AND RELATED AGREEMENTS

THIS RIDER (this "Rider") is made and entered into this ____ day of _____, 20____, by and between FUSA FRANCHISOR SPV LLC ("Franchisor") and _____ ("Franchisee").

1. **BACKGROUND**. Franchisor and Franchisee are parties to that certain Franchise Agreement dated _____, 20__ (the "Franchise Agreement"). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) Franchisee is domiciled in Washington; and/or (b) the FIX AUTO Shop that Franchisee will operate under the Franchise Agreement will be located or operated in Washington; and/or (c) any of the offering or sales activity relating to the Franchise Agreement occurred in Washington.

2. **WASHINGTON LAW**. The following paragraphs are added to the end of the Franchise Agreement:

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

RCW 19.100.180 may supersede the 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.

[Signatures on Following Page]

IN WITNESS WHEREOF, Franchisee and Franchisor have executed and delivered this Rider in counterparts on the day and year first above written. This Rider may be signed with full legal force and effect using electronic signatures and records.

FRANCHISOR
FUSA Franchisor SPV LLC,
a Delaware limited liability company

By: _____

Printed Name: _____

Title: _____

Date: _____

FRANCHISEE
If Franchisee is an individual:

Signature: _____

Printed Name: _____

Date: _____

Signature: _____

Printed Name: _____

Date: _____

If Franchisee is a corporation or other entity:

_____
Legal Name of Franchisee Entity

a _____ (Jurisdiction of Formation) Corporation, LLC or Partnership

By:
_____

Printed Name:
_____

Title:
_____

Date:
_____

EXHIBIT H
TO FRANCHISE DISCLOSURE DOCUMENT

LIST OF FRANCHISEES AND THEIR FIX AUTO SHOPS

FRANCHISEES AND THEIR FIX AUTO SHOPS
AS OF DECEMBER 25, 2021

SHOP NAME	FRANCHISEE	CONTACT	STREET ADDRESS	CITY	STATE	ZIP CODE	PHONE
Fix Auto Avondale	FX Auto Body LLC	Troy Buck	1422 N. Eliseo Felix Jr. Way	Avondale	AZ	24168	(623) 594-3894
Fix Auto El Mirage	Premier Coachworks	Karl Copenhaver	8030 N. El Mirage	El Mirage	AZ	85335	(623) 935-6678
Fix Auto Gilbert	Invisible Auto Body LLC	Loren Bates/Mike Havrelock	1625 W. Sunrise Boulevard	Gilbert	AZ	85233	(480) 361-3006
Fix Auto Glendale	Karl's Collision Repair Inc.	Bob Karl	6725 N. 56th Avenue	Glendale	AZ	85301	(623) 931-6092
Fix Auto Phoenix	Coulter Cadillac, Inc.	William Coulter	1188 Camelback Road	Phoenix	AZ	85014	(602) 532-4710
Fix Auto Deer Valley	Werner Collision Center, LLC	Lynn Werner	2015 W Deer Valley	Phoenix	AZ	85027	(602) 295-1590
Fix Auto Phoenix-City Center	DCGW, LLC	Daniel Weyand	2323 W. Van Buren Street	Phoenix	AZ	85009	(602) 252-2455
Fix Auto Phoenix Sky Harbor	Pro Tech Collision, LLC	Justin Fritz	4115 E. University Drive	Phoenix	AZ	85034	(480) 968-4775
Fix Auto North Scottsdale	Kustom Koachworks, Inc	Colin Johnston	8245 E. Butherus Drive	Scottsdale	AZ	85260	(480) 607-6680
Fix Auto Scottsdale	Mark Kia Collision Center	Marc Dubowy / Joshua Spencer	1000 N. Scottsdale Road	Scottsdale	AZ	85257	(480) 425-5300
Fix Auto Sierra Vista	Morton Collision Centers, LLC	Ian Mortan	4108 La Linda Way	Sierra Vista	AZ	85635	(520) 263-4973
Fix Auto Sun City	Yadin, Inc / Automotive Dynamics	Derek Niday	10222 W. Santa Fe Drive	Sun City	AZ	85351	(623) 972-6100
Fix Auto Tempe	New Image Paint & Body, LLC	Stephen Bozer / Shane Orlano	1865 S. Indiana Bend Road	Tempe	AZ	85281	(480) 921-3368
Fix Auto Tucson Thoroughbred	The Morton Company, LLC	Ian Morton	5133 East 22nd Street	Tucson	AZ	85711	(520) 790-4946
Fix Auto Alameda	Alameda Collision Repair	Arthur Mercado	1911 Park Street	Alameda	CA	94501	(510) 523-4836

SHOP NAME	FRANCHISEE	CONTACT	STREET ADDRESS	CITY	STATE	ZIP CODE	PHONE
Fix Auto Anaheim North	David Caulfield's Auto Body Boo-Boo, LLC	David Caulfield	320 N. Anaheim Boulevard	Anaheim	CA	92085	(714) 774-3204
Fix Auto Anaheim*	FUSA Properties SPV LLC	Erick Bickett	1331 S. Auto Center Dr.	Anaheim	CA	92806	(714) 772-1313
Fix Auto Apple Valley	LSM, LLC	Sindi Rodriguez	13399 Malaki Road	Apple Valley	CA	92345	(760) 503-5502
Fix Auto Green Valley	Green Valley Collision	Greg Padreddii	120A Borland Avenue	Auburn	CA	95603	(530) 888-1046
Fix Auto Downtown Bakersfield	Premier Collision Group LLC	Victor Cerritos	2101 Q. Street	Bakersfield	CA	93301	(661) 542-9900
Fix Auto Berkeley	Platinum Auto Collision & Paint	Eugene Young	3033 San Pablo Avenue	Berkeley	CA	94702	(510)-848-1088
Fix Auto Brea	Sharper Image Collision	Selvi Rizk	300 N. Orange Avenue	Brea	CA	92821	(714) 255-9600
Fix Auto Buena Park*	FUSA Properties SPV LLC	Erick Bickett	6830 Stanton Ave.	Buena Park	CA	90621	(714) 522-6177
Fix Auto Burbank	Auto Ventures Inc	Gary Gezalyan	120 East Verdugo Avenue	Burbank	CA	91502	(818) 842-2800
Fix Auto Burlingame	Sunny Auto Body, Inc.	Denny Chen	903 California Drive	Burlingame	CA	94010	(650) 340-8818
Fix Auto Campbell	Shiro's Auto Body	Darryl Shiozawa	175 Cristich Lane	Campbell	CA	95008	(408) 378-6956
Fix Auto Capitola	Watsonville Auto Body, Inc.	Mike Garland	4400 Auto Plaza Drive	Capitola	CA	95010	(831) 318-0911
Fix Auto Carlsbad Village	CMI Carlsbad Village, Inc.	Richard Fish	3191 Tyler Street	Carlsbad	CA	92008	(760) 729-4748
Fix Auto Castro Valley	Alameda Collision Center	Arthur Mercado	3142 Castro Valley Boulevard	Castro Valley	CA	94546	(510) 537-2529
Fix Auto Cathedral City	Henry's Collision Auto Body & Paint, Inc.	Henry Arroyo	36-085 Cathedral Canyon	Cathedral City	CA	92234	(760) 770-8082
Fix Auto Chatsworth	The Original Haskell's Body Shop	Do Carlisi	9537 De Sota Avenue	Chatsworth	CA	91311	(818) 709-7333
Fix Auto Chico	CCC Partners, Inc.	Arthur Mercado	275 East Park Avenue	Chico	CA	95928	(530) 343-2480
Fix Auto Clovis-Fresno Body Works	Dockstader Number Two, Inc.	Dean Dockstader & Maclynn Dockstader	255 Park Creek Drive	Clovis	CA	93611	(559) 374-2414

SHOP NAME	FRANCHISEE	CONTACT	STREET ADDRESS	CITY	STATE	ZIP CODE	PHONE
Fix Auto Corona*	FUSA Properties SPV LLC	Erick Bickett	51 E. Grand Blvd.	Corona	CA	92879	(951) 270-2943
Fix Auto Costa Mesa*	FUSA Properties SPV LLC	Erick Bickett	330 Paularino Ave.	Costa Mesa	CA	92626	(714) 557-0780
Fix Auto Daly City	Marvic Vila	Marvic Vila	6888 Mission Street	Daly City	CA	94104	(650) 557-2300
Fix Auto Downey	Little John's Bodyworks, Inc.	Rick Halopoff	9634 E. Firestone Boulevard	Downey	CA	90241	(562) 861-0377
Fix Auto El Cajon	Sid's Auto Body	Sid Rodriquez	1129 Broadway	El Cajon	CA	92021	(619) 593-1355
Fix Auto Downtown El Monte	Auto Werks Paint & Body Shop	Peter Hong	11528 E. Garvey Avenue	El Monte	CA	91732	(626) 442-6558
Fix Auto El Segundo-Jim & Jacks	Jim & Jack's, Inc.	Richard Kizirian	1605 E. Grand Avenue	El Segundo	CA	90245	(310) 322-5733
Fix Auto El Segundo-Washington Street at Jim & Jacks	Jim & Jack's, Inc.	Richard Kizirian	348 Washington Street	El Segundo	CA	90245	(310) 322-5733
Fix Auto Escondido	BHKH Inc.	Kirk Henson	656 Metcalf Street	Escondido	CA	92025	(760) 743-5363
Fix Auto Watsonville	Watsonville Auto Body, Inc.	Mike Garland	107 Airport Boulevard	Freedom	CA	95019	(831) 724-1500
Fix Auto Fremont	Auto Techies, Inc.	Snehal Shah	41443 Albrae Street	Fremont	CA	94538	(510) 922-0229
Fix Auto Fresno Body Works North	Dockstader Number One, LLC	Dean Dockstader & Maclynn Dockstader	143 E. Sierra Avenue	Fresno	CA	93710	(559) 436-8060
Fix Auto Body Works South	Dockstader and Dockstader Incorporated	Dean Dockstader & Maclynn Dockstader	4624 E. Olive Avenue	Fresno	CA	93702	(559) 456-1414
Fix Auto Fresno Body Works West	Dockstader Number Three, Inc.	Dean Dockstader & Maclynn Dockstader	4245 N. Selland Avenue	Fresno	CA	93722	(559) 540-7791
Fix Auto Gilroy	Springer Collision Centers	Steve Springer	6650 Brem Lane	Gilroy	CA	95020	(408) 847-3999

SHOP NAME	FRANCHISEE	CONTACT	STREET ADDRESS	CITY	STATE	ZIP CODE	PHONE
Fix Auto Hawthorne	Chilton Auto Body Lax, Inc.	Michael Chilton	3348 W. El Segundo Boulevard	Hawthorne	CA	90250	(424) 456-7528
Fix Auto Hemet	Diamond Valley Automotive Group LLC	Curt Nixon	320 Carriage Circle	Hemet	CA	92545	(951) 537-6327
Fix Auto Hesperia	LSM LLC	Luis Partida	15439 Bear Valley Road	Hesperia	CA	92345	(760) 995-5708
Fix Auto Hermosa Beach at Jim & Jacks	Jim & Jack's, Inc.	Richard Kizirian	555 CA-1	Hermosa Beach	CA	90254	(310) 322-9475
Fix Auto Indio	Henry's Collision Auto Body and Paint, Inc.	Henry Arroyo	81781 Oleander Avenue	Indio	CA	92201	(760) 342-9824
Fix Auto Irvine*	FUSA Properties SPV LLC	Erick Bickett	16161 Construction Circle W.	Irvine	CA	92606	(949) 651-1491
Fix Auto La Habra	Sharper Image Collision	Russ Hanson	920 Leslie Street	La Habra	CA	90631	(714) 578-1200
Fix Auto La Mesa	Sid's Auto Body	Sid Rodriquez	7473 El Cajon Boulevard	La Mesa	CA	91941	(619) 698-7730
Fix Auto Lake Elsinore	Z-Best Body & Paint	Pat Helferich	18560 Pasadena Street	Lake Elsinore	CA	92530	(951) 471-5530
Fix Auto Lake Forest	San Diego Collision Partners LLC	Richard Fish	23902 Remme Ridge	Lake Forest	CA	92630	(949) 206-7999
Fix Auto Lancaster	Westside Body & Paint	Mike Neis / Stephanie Hix	420 W. Ave. I	Lancaster	CA	93535	(661) 429-3639
Fix Auto Lemon Grove	Fix Auto Lemon Grove, Inc.	Gary Ledger	7083 Broadway	Lemon Grove	CA	91945	(619) 462-5010
Fix Auto Long Beach	CMI Long Beach, Inc.	Richard Fish	1381 Obispo Avenue	Long Beach	CA	90804	(562) 494-1100
Fix Auto East Los Angeles	Five Star Collision Inc.	Armando and Pablo Flores	4435 E. Olympic Boulevard	Los Angeles	CA	90023	(323) 263-9203
Fix Auto Downtown Los Angeles	Globe Auto Body	Matt Ardakani	1360 S. Flower Street	Los Angeles	CA	90015	(213) 747-6261
Fix Auto Los Angeles-Koreatown	Hello Auto Body, Inc.	Daeyoung "Eddie" Kown	2946 West Pico Boulevard	Los Angeles	CA	90006	(213) 908-5777
Fix Auto Highland Park	Autobody Ventures Inc.	Gary Gezalyan	5320 York Boulevard	Los Angeles	CA	90042	(626) 755-7745
Fix Auto Beverly Hills	Ronald's Auto Body Shop, Inc.	Ronald Marquez	2640 La Cienega Avenue	Los Angeles	CA	90034	(310) 558-1681

SHOP NAME	FRANCHISEE	CONTACT	STREET ADDRESS	CITY	STATE	ZIP CODE	PHONE
Fix Auto Huntington Beach-North	Banh Collision Center	Phuoc "John" Banh	15142 Beach Boulevard	Midway City	CA	92655	(714) 897-0744
Fix Auto Modesto	Top 1 Collision Repair, Inc.	Krishneel Chand	4619 Spyres Way	Modesto	CA	95356	(209) 571-1048
Fix Auto Modesto City Center	Modesto Autobody Corporation	Krishneel Chand	2121 N. 9th Street	Modesto	CA	95350	(209) 847-3200
Fix Auto Monrovia	Steve Richards Enterprises, Inc.	Razmik Garabedian	264 Kruse Avenue	Monrovia	CA	91016	(626) 303-3008
Fix Auto Montclair*	FUSA Properties SPV LLC	Erick Bickett	5566 Holt Boulevard	Montclair	CA	91763	(909) 482-1540
Fix Auto Monterey	Gunter Madsen Auto Body	Mike Garland	1231 Del Monte Road	Monterey	CA	93940	(831) 375-2497
Fix Auto Montrose	Johnnie's Paint & Body Shop, Inc.	Vatche Derderian	3722 Park Place	Montrose	CA	91020	(818) 330-7701
Fix Auto Moorpark	Superior Collision, Inc.	Gary Bisgrove and Gary Hesselbrock	5395 Kazuko Court	Moorpark	CA	93021	(805) 552-9533
Fix Auto Moreno Valley	Moreno Valley Collision Inc.	Selvi Rizk	14441 Commerce Center Drive	Moreno Valley	CA	92553	(951) 656-3600
Fix Auto Temecula	Temecula Auto Body	John Volpe	41196 Nick Lane	Murrieta	CA	92562	(951) 677-9619
Fix Auto Northridge	SemiStar, LLC	Aram Semirjyan	19041 Parthenia Street	Northridge	CA	91324	(818) 341-9600
Fix Auto Oceanside	Collision Management, Inc.	Richard Fish	1112 South Tremont Street	Oceanside	CA	92054	(760) 722-5479
Fix Auto Ontario*	FUSA Properties SPV LLC	Erick Bickett	4930 Vanderbilt St.	Ontario	CA	91761	(909) 605-7575
Fix Auto Orange*	FUSA Properties SPV LLC	Erick Bickett	153 N. Cypress	Orange	CA	92866	(714) 639-5302
Fix Auto Orangevale	North Star Collision Repair, Inc.	Jesse Hord	8832 Greenback Lane	Orangevale	CA	95662	(916) 306-5821
Fix Auto Oxnard North	Superior Collision Inc.	Gary Bisgrove and Gary Hesselbrock	260 Lambert Street # P	Oxnard	CA	93036	(805) 278-1700

SHOP NAME	FRANCHISEE	CONTACT	STREET ADDRESS	CITY	STATE	ZIP CODE	PHONE
Fix Auto Oxnard South	Superior Collision Inc.	Gary Bisgrove and Gary Hesselbrock	2780 W. Wooley Road	Oxnard	CA	93035	(805) 984-1149
Fix Auto Palm Desert	Henry's Collision Auto Body & Paint, Inc.	Henry and Gloria Arroyo	39249 Leopard Street, Suite B	Palm Desert	CA	92211	(760) 345-0099
Fix Auto Palm Springs	Henry's Collision Auto Body & Paint, Inc.	Henry Arroyo	4155 E. Matthew Drive	Palm Springs	CA	92264	(760) 328-2297
Fix Auto Palmdale	ASGA, Inc.	Mike Neis	40222 La Quinta Lane, Suite B- 104	Palmdale	CA	93551	(661) 234-9424
Fix Auto Palo Alto	Cavallino Rampante, Ltd.	Ric Donofrio / Javier Vejar	1880 West Bayshore Road	Palo Alto	CA	94303	(650) 326-9800
Fix Auto Paramount	Carbak Enterprises LTD	Peter Bakhtar	7771 Alondra Boulevard	Paramount	CA	90723	(562) 529-7000
Fix Auto Pasadena	Johnnie's Paint and Body Shop, Inc.	Vatche Derderian	2245 E. Foothill Boulevard	Pasadena	CA	91107	(626) 795-4421
Fix Auto Poway	Chrome Collision Inc.	Gary Leger/Kirk Henson	13175 Gregg Street	Poway	CA	92064	(858) 842-3075
Fix Auto Quartz Hill	Westside Body & Paint	Mike Neis/ Stephanie Hix-Neis	5022 West Columbia Way	Quartz Hill	CA	93536	(661) 488-7879
Fix Auto Central Ramona	Ramona Body Shop	Gary Leger	543 Main Street	Ramona	CA	92065	(760) 789-0080
Fix Auto Redlands	Holmes & Holmes Properties	Maureen Holmes	1976 Essex Court	Redlands	CA	92374	(909) 307-1077
Fix Auto South Bay-Redondo Beach	Gentani, LLC	Richard Kizirian	1401 Aviation Boulevard	Redondo Beach	CA	90278	(310) 376-9416
Fix Auto Riverside	R.E.F Enterprises	Duane Pratt	8000 Auto Drive	Riverside	CA	92504	(951) 687-2125
Fix Auto Rocklin	Dunivan Enterprises, Inc.	Eric Dunivan	905 Placer Boulevard, Ste. A	Rocklin	CA	95765	(916) 872-1380
Fix Auto-Roseville	North Start Collision Repair, Inc.	Jesse Hord	118 Wills Road	Roseville	CA	95678	(916) 783-0228
Fix Auto Capital City	North Start Collision Repair, Inc.	Jesse Hord	3248 Auburn Boulevard, Suite 2	Sacramento	CA	95821	(916) 432-4950

SHOP NAME	FRANCHISEE	CONTACT	STREET ADDRESS	CITY	STATE	ZIP CODE	PHONE
Fix Auto Salinas	Watsonville Auto Body Inc. – Salinas	Mike Garland	340 Abbott Street	Salinas	CA	93901	(831) 724-1500
Fix Auto San Clemente	CMI Partners, LLC	Richard Fish	127 Calle De Los Molinos	San Clemente	CA	92672	(949) 276-8005
Fix Auto Downtown SD	FADSD II, Inc.	Gary Leger	1625 Market Street	San Diego	CA	92101	(619) 239-7843
Fix Auto Sports Arena	Courtesy Chevrolet Center	Mark Gruwell	3145 Moore Street	San Diego	CA	92110	(619) 450-8105
Fix Auto Mission Valley	Courtesy Chevrolet Center	Dave Holder	750 Camino Del Rio North	San Diego	CA	92108	(619) 450-8063
Fix Auto Normal Heights	Deluxe Auto Body, LLC	Thomas Nguyen	3675 El Cajon Boulevard	San Diego	CA	92104	(619) 284-6212
Fix Auto Kearny Mesa	San Diego Collision Partners, LLC	Bryan Wendt	5233 Murphy Canyon Road	San Diego	CA	92123	(858) 277-2761
Fix Auto San Francisco - SOMA	Marvic Vila	Marvic Vila	785 Bryant Street	San Francisco	CA	94107	(415) 882-1575
Fix Auto 17th Street	F. Lofrano & Son – 17th Street	Aaron Lofrano/ Joshua Lofrano/ Tony Lofrano	3355 17th Street	San Francisco	CA	94110	(415) 865-8400
Fix Auto Divisadero	F. Lofrano & Son - Divisadero	Aaron Lofrano/ Joshua Lofrano/ Tony Lofrano	1745 Divisadero Street	San Francisco	CA	94115	(415) 865-8450
Fix Auto Folsom	F. Lofrano & Son - Folsom	Aaron Lofrano	1465 Folsom Street	San Francisco	CA	94103	(415) 565-3560
Fix Auto San Francisco – Eddy Street	Karry's Auto Body, LLC	Karry Man	265 Eddy Street	San Francisco	CA	94102	(415) 655-3262
Fix Auto San Francisco – Potrero Avenue	Sunny Auto Body, Inc.	Denny Chen	450 Potrero Avenue	San Francisco	CA	94110	(415) 861-1288
Fix Auto San Jose	Springer Collision Centers	Steve Springer and Mary Oliver	250 East Brokaw Road	San Jose	CA	95112	(408) 436-9600
Fix Auto South San Jose	Art Tec Body Shop, Inc.	Ray Heidari	5755 Winfield Boulevard	San Jose	CA	95123	(408) 225-5053
Fix Auto San Leandro	BMC of San Leandro, Inc.	Roque Moya	1970 Republic Avenue	San Leandro	CA	94577	(510) 351-5057

SHOP NAME	FRANCHISEE	CONTACT	STREET ADDRESS	CITY	STATE	ZIP CODE	PHONE
Fix Auto San Luis Obispo	Elite Collision Repair, Inc.	Hector Paz Jr.	251 Tank Farm Road	San Luis Obispo	CA	93401	(805) 541-9063
Fix Auto San Mateo	WMK Ventures	Marga Kline	1023 South Railroad Avenue	San Mateo	CA	94402	(650) 581-1415
Fix Auto San Rafael	F. Lofrano and Son – San Rafael	Aaron Lofrano	21 Belvedere Street	San Rafael	CA	94901	(415) 453-6800
Fix Auto Santa Ana	HGAD Enterprises, Inc.	Greg Derderian	611 E. First Street	Santa Ana	CA	92701	(714) 294-2880
Fix Auto Santa Clara East	Dao & Cheung, LLC	Kien Dao	2578 Lafayette Street	Santa Clara	CA	95050	(408) 648-2900
Fix Auto Santa Clara	El Camino Body Shop Inc.	Sheldon Carter	3160 El Camino Real	Santa Clara	CA	95051	(408) 246-3544
Fix Auto Santa Cruz	Garland and Summers, Inc.	Mike Garland/ Derek Summers	2850 Soquel Avenue	Santa Cruz	CA	95062	(831) 454-8111
Fix Auto Santa Maria	The Paz Group, Inc.	Hector Paz	211 East Mill Street	Santa Maria	CA	93454	(805) 922-9700
Fix Auto Santa Rosa	Dibble's Auto Center Inc.	Todd Bishop	965 Santa Rosa Avenue	Santa Rosa	CA	95401	(707) 542-7774
Fix Auto Santee	Trifecta Collision Inc.	Alexander Doria / Jorge Cuevas	10806 Prospect Avenue	Santee	CA	92071	(619) 312-1990
Fix Auto Signal Hill	CMI Signal Hill, Inc.	Matt Blodgett	1455 E. Spring Street	Signal Hill	CA	90806	(562) 283-0333
Fix Auto Sonora	C & C Autobody	Krishneel Chand	18514 Striker Court	Sonora	CA	95370	(480) 946-9500
Fix Auto Stockton	Aurora Collision Center, LLC	Tamara Leonard / Shaun Arroyo	810 South Monroe Street	Stockton	CA	95206	(209) 465-2636
Fix Auto Fairfield-Suisun City	Rudy's Auto Body & Frame	Jon Ramirez	1510 Humphrey Drive	Suisun City	CA	94585	(707) 422-1072
Fix Auto Sunnyvale	Springer's Collision Center, LLC	Steve Springer	1288 Forgewood Avenue	Sunnyvale	CA	94089	(408) 736-4324
Fix Auto Temple City	AWBP Collision Center	Peter Hong	9532 Gidley Street	Temple City	CA	91780	(626) 788-1300
Fix Auto Tustin	CMI Partners, LLC	Richard Fish	15622 Mosher Avenue	Tustin	CA	92780	(714) 259-0455
Fix Auto Upland	Richardson Body Shop Corp	Giovanni Navarro & Jose Alvarenga	114 N. Eighth Avenue	Upland	CA	91786	(909) 982-7415

SHOP NAME	FRANCHISEE	CONTACT	STREET ADDRESS	CITY	STATE	ZIP CODE	PHONE
Fix Auto Vallejo	Timothy C Rose (Sole Proprietorship)	Tim Rose	187 Couch Street	Vallejo	CA	94590	(707) 647-7673
Fix Auto Walnut	SBG, Inc.	Juan Carlos Sanchez / Salvador Sanchez	21087 Commerce Pointe Drive	Walnut	CA	91789	(909) 610-6105
Fix Auto West Whittier	RABSUSA Corp	Ronald Marquez	12140 Washington Boulevard	Whittier	CA	90606	(562) 698-8220
Fix Auto Whittier	S.R.S Auto Craft Inc.	Greg Derderian	12130 E. Washington Boulevard	Whittier	CA	90606	(562) 698-8227
Fix Auto Yorba Linda*	FUSA Properties SPV LLC	Erick Bickett	22951 Savi Ranch Pkwy.	Yorba Linda	CA	92887	(714) 283-0660
Fix Auto Castle Rock	Revamp Collision Center, Partnership	Ken Grigg / Sarah Grigg	2807 Highway 85, Suite 101	Castle Rock	CO	80109	(720) 682-9181
Fix Auto Colorado Springs	Beem's Auto Paint and Body Inc.	Dave Beem	6275 E. Platte Avenue	Colorado Springs	CO	80915	(719) 622-1870
Fix Auto Highlands Ranch	Stander Industries, Inc.	Dan Standers	3900 Norwood Drive	Littleton	CO	80125	(303) 791-1900
Fix Auto Barrington	JT's Auto Body of Barrington, Inc.	Jim Thompson	210 Lageschulte Street	Barrington	IL	60010	(847) 382-6450
Fix Auto Chicago	Import Auto, Inc	Peter Reszczynski	4700 W. Fullerton Avenue	Chicago	IL	60639	(773) 342-6363
Fix Auto Country Club Hills	Precise Auto Body, Inc	George Yukich	4946 175th Street	Country Club Hills	IL	60478	(708) 957-3333
Fix Auto Crystal Lake	LETS DENT, INC	Tom Palermo	5323 Northwest Highway	Crystal Lake	IL	60014	(815) 790-7779
Fix Auto Skokie	Nick and Ernie's Inc	Herb White	8015 N. Lawndale Avenue	Skokie	IL	60076	(847) 676-0420
Fix Auto Fox Valley	Berlin Fox Valley Collision	John De Nicolo	1214 Foundry Street	St. Charles	IL	60174	(630) 443-4380
Fix Auto Brooklyn Park	American Auto Body of Osseo, Inc.	Matt Feehan	8208 Lakeland Avenue North	Brooklyn Park	MN	55445	(763) 424-2522
Fix Auto Maple Grove	American Auto Body of Osseo, Inc.	Matt Feehan	8725 Jefferson Highway	Maple Grove	MN	55369	(763) 204-8267

SHOP NAME	FRANCHISEE	CONTACT	STREET ADDRESS	CITY	STATE	ZIP CODE	PHONE
Fix Auto Henderson	ZDR Henderson Corp	Juan Cabrera	1251 American Pacific Drive, Unit 110	Henderson	NV	89074	(702) 672-3433
Fix Auto Las Vegas East	Newport Collision	Ghassan Merhi	2711 E. Sahara Avenue, Suite B	Las Vegas	NV	89104	(702) 641-8165
Fix Auto North Las Vegas	ZDR 1 Corp	Juan Cabrera	4360 East Craig Road	Las Vegas	NV	89115	(702) 299-6447
Fix Auto Las Vegas-Central	ZDR Corporation, Inc.	Letticia Chavez-Cabrera	1910 Western Avenue	Las Vegas	NV	89102	(702) 299-6447
Fix Auto Las Vegas-Hacienda	MPV Group II LLC	Matthew Veale	4881 W. Hacienda Avenue #1	Las Vegas	NV	89118	(702) 220-8040
Fix Auto Las Vegas-Spring Mountain	MPV Group, LLC	Matthew Veale	5240 W. Spring Mountain	Las Vegas	NV	89146	(702) 248-7200
Fix Auto Reno	Top Gun Collision Repair Center, LLC	Randi Roedel	970 Bible Way	Reno	NV	89502	(775) 324-1919
Fix Auto Columbus	Capital Auto Body, LLC	Thomas Ungurean	5885 Chantry Drive	Columbus	OH	43232	(614) 845-8337
Fix Auto Jenks	Benchmark Collision Center, Inc.	Larry Ham	1607 North Elm	Jenks	OK	74037	(918) 371-3665
Fix Auto Clackamas	McRoth Incorporated	Camille Eber / David McCollum, Jr. / Joseph McCollum	15679 SE 135th Avenue	Clackamas	OR	97015	(503) 317-0007
Fix Auto Gladstone	Roth & Miller Autobody Inc.	Camille Eber	18630 SE McLoughlin Boulevard	Milwaukie	OR	97267	(503) 353-7599
Fix Auto Gresham	O & C, Inc.	Shon Kim	935 SE 202nd Avenue	Portland	OR	97233	(503) 665-8191
Fix Auto Portland	JRC Corp.	J.R. Carlson	1722 E. Burnside Street	Portland	OR	97214	(503) 235-5671
Fix Auto Portland East	Roth & Miller Autobody, Inc.	Camille Eber	9255 SE Stark Street	Portland	OR	97216	(503) 257-9255
Fix Auto Springfield	A Street Collision, Inc.	John Kimpton and Cris Kuhnausaen	3445 Main Street	Springfield	OR	97478	(541) 726-8453

SHOP NAME	FRANCHISEE	CONTACT	STREET ADDRESS	CITY	STATE	ZIP CODE	PHONE
Fix Auto The Dalles	Sky's Collision Repair, Inc.	Skylar Schacht	3425 Crates Way	The Dalles	OR	97058	(541) 506-1600
Fix Auto Lindon	Lindon Collision Center, LLC	Eric Read	551 N. Geneva Road	Lindon	UT	84042	(801) 785-4477
Fix Auto Riverton	Superior Auto Body, LLC	Justin Vincent	3978 W. 12600 South	Riverton	UT	84096	(801) 302-9111
Fix Auto Washington	Turner's Auto Body of Southern Utah, Inc.	Ronald Lourenco	71 S. 100 W.	Washington	UT	84780	(435) 673-5984
Fix Auto Bellevue	Cars of Bellevue, Inc	Jon Devine	13310 Bel-Red Road #204	Bellevue	WA	98005	(425) 641-5475
Fix Auto Gig Harbor	Dennys Harbor Autobody LLC	Mark and Patty Denny	2905 Jahn Avenue NW #8	Gig Harbor	WA	98335	(253) 858-3522
Fix Auto Kenmore	Fix Auto Northshore	Gloria Hulst	6722 NE Bothell Way	Kenmore	WA	98028	(425) 487-2600
Fix Auto Maple Valley	Morella, LLC	Guiseppe "Joe" Morella	23765 SE 264th Street	Maple Valley	WA	98038	(425) 432-7222
Fix Auto Mt. Vernon	Dally's Auto Body	Gloria Hulst	300 Willow Lane	Mt. Vernon	WA	98273	(360) 424-7184
Fix Auto Port Orchard	Fix Auto Port Orchard	Patty Denny	2585 Mitchell SE	Port Orchard	WA	98633	(253) 335-6235
Fix Auto North Kitsap	Silverdale Collision Center LLC	Ken Miller	22177 Viking Way NW	Poulsbo	WA	98370	(360) 779-4799
Fix Auto Puyallup	Dennys Valley Auto Body, Inc.	Mark Denny	11403 Valley Avenue E.	Puyallup	WA	98372	(253) 845-5665
Fix Auto South Seattle	Alki Autobody, Inc.	Andrew Ajeto	5958 Corson Avenue S.	Seattle	WA	98108	(206) 762-5557
Fix Auto Interbay	KGH, Inc.	Jon Kim	2600 15th Avenue W.	Seattle	WA	98119	(206) 283-4369
Fix Auto Silverdale	Silverdale Collision Center LLC	Ken Miller	11632 Clear Creek Road NW	Silverdale	WA	98383	(360) 692-5381
Fix Auto Tacoma South	MARS, LLC	Mike Allison	3845 South Warner Street	Tacoma	WA	98409	(253) 474-0736
Fix Auto Black Lake	Black Lake Collision Center Inc.	Kevin Harris	3519 Black Lake Boulevard SW	Tumwater	WA	98512	(360) 352-1901
Fix Auto Vancouver North	Moda Collision Repair, LLC	Andrey Stefanco	4319 NE 82nd Street	Vancouver	WA	98665	(360) 597-4116

* Denotes affiliate-owned FIX AUTO Shop subject to a Franchise Agreement between Franchisor and FUSA Properties SPV LLC.

FRANCHISE AGREEMENT(S) SIGNED BUT FIX AUTO SHOP NOT YET OPEN

FRANCHISEE	CONTACT	CITY	STATE	PHONE NUMBER
Mojave Valley Collision LLC	Frank Vizcarra & Luis Partida	Victorville	CA	(760) 539-6062

EXHIBIT I
TO FRANCHISE DISCLOSURE DOCUMENT

LIST OF FRANCHISEES WHO CEASED TO DO BUSINESS UNDER THE FRANCHISE AGREEMENT

FRANCHISEES WHO CEASED TO DO BUSINESS UNDER THE FRANCHISE AGREEMENT

Following is the name and contact information of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year or who has not communicated with the franchisor within 10 weeks of the disclosure document issuance date. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

FRANCHISEE	CONTACT	STREET ADDRESS	CITY	STATE	ZIP CODE	PHONE NUMBER
Integrity, LLC	Jose Stanley	802 Gambell	Anchorage	AK	99503	(907) 223-8357
Integrity, LLC	Jose Stanley	821 E. 5th Avenue	Anchorage	AK	99501	(907) 223-8357
Integrity, LLC	Jose Stanley	12860 Old Seward Highway	Anchorage	AK	99515	(907) 223-8357
Integrity, LLC	Jose Stanley	3285 S. Cushman Street	Fairbanks	AK	99701	(907) 223-8357
Integrity, LLC	Jose Stanley	9940 Crazy Horse Drive	Juneau	AK	99801	(907) 223-8357
Integrity, LLC	Jose Stanley	7805 E. Palmer Wasilla Highway	Palmer	AK	99645	(907) 223-8357
Chico Collision Center, Inc.*	Mark Page	275 East Park Avenue	Chico	CA	95928	(530) 343-2480
Greenwald's Autobody and Frameworks, Inc.	Dan Greenwald & Karen Greenwald	2285 Manya Street	Chula Vista	CA	92154	(619) 843-0366
LAX Auto Collision, Inc.*	Steve Yaymayan	3348 W. El Segundo Boulevard	Hawthorne	CA	90250	(424) 456-7528
Greenwald's Autobody and Frameworks, Inc.	Dan Greenwald & Karen Greenwald	1814 Roosevelt Avenue	National City	CA	91950	(619) 843-0366
Chem 821, Inc.	Christopher Wu	1177 San Mateo Avenue	San Bruno	CA	94066	(408) 391-9440
Fav, LLC	Daniel Panduro & Sandy Panduro	15063 7th Street	Victorville	CA	92392	(760) 261-4884
Coachman Automotive Incorporated	David Tuttle	6165 Sunshine Street	Coeur d'Alene	ID	83815	(208) 699-8754
Coachman Automotive Incorporated	David Tuttle	3572 E. Mullan Avenue	Post Falls	ID	83854	(208) 699-8754
Import Auto, Inc*	Andrew Pulaski	4700 W. Fullerton Avenue	Chicago	IL	60639	(773) 342-6363

* Denotes transfer; Franchisee and FIX AUTO Shop remain operating in the FIX AUTO franchise system.

EXHIBIT J
TO FRANCHISE DISCLOSURE DOCUMENT

FORM OF SERVICE LEVEL AGREEMENT

[COMPLETE ALL FIELDS BEFORE SIGNING]

FUSA FRANCHISOR SPV LLC

SERVICE LEVEL AGREEMENT

SERVICE LEVEL AGREEMENT

This SERVICE LEVEL AGREEMENT (this "Agreement") is entered into as of DATE (the "Effective Date") by and between FUSA FRANCHISOR SPV LLC, a Delaware limited liability company with a principal place of business located at 440 S. Church Street, Suite 700, Charlotte, NC 28202 ("Franchisor"), and FRANCHISEE ("Franchisee").

WHEREAS Franchisee operates one or more collision repair centers at the location(s) set forth on Exhibit A hereto (each a "Repair Shop" and, collectively, the "Repair Shops") pursuant to one or more franchise agreements by and between Franchisor (or an affiliate thereof) and Franchisee (each a "Franchise Agreement" and, collectively, the "Franchise Agreements");

WHEREAS Franchisor, Driven Brands Inc., a Delaware corporation ("DBI"), on behalf of Franchisor, or an affiliate of either DBI and Franchisor has entered into the master service and other similar franchisor-managed or performance-based agreements, including any statements of work thereunder, listed on Exhibit B hereto (each a "Master Service Agreement" and, collectively, the "Master Service Agreements") with various insurance carrier customers (each such customer a "Carrier" and, collectively, the "Carriers") pursuant to which a Repair Shop will participate in a Carrier's repair program (each a "Program" and, collectively, the "Programs"); and

WHEREAS, Franchisor and Franchisee desire to enter into this Agreement to set forth the terms and conditions on which Franchisee may participate in the Programs.

NOW, THEREFORE, in consideration of the mutual covenants contained in this agreement and intending to be legally bound, Franchisee and Franchisor agree as follows:

1.0 AMENDMENT AND RESTATEMENT

The Parties acknowledge and agree that all existing Service Level Agreements between the Parties (and any similar agreements between the Parties that govern or relate to Franchisee's participation in one or more Programs) entered into prior to the Effective Date are hereby amended and restated by mutual agreement of the Parties and replaced in their entirety by this Agreement. Notwithstanding anything to the contrary in this Section 1.0, any Fix Auto Claims Solutions Agreement ("FCS Agreement") entered into by and between Franchisor and Franchisee remains in full force and effect. In the event of a conflict between the FCS Agreement and this Agreement, the terms and conditions in the FCS Agreement shall control.

2.0 TERM AND TERMINATION

2.1 The term of this Agreement shall commence on the Effective Date and continue until the date on which all of the Master Services Agreements either expire or are

terminated as permitted thereunder (the "Term"), unless otherwise terminated in accordance with the terms of this Agreement.

2.2 This Agreement shall terminate automatically with no further action by the Parties if all of the Master Service Agreements are expire or are terminated for any reason.

2.3 Notwithstanding anything in this Agreement to the contrary, if Franchisee neglects or fails to perform any of its obligations under this Agreement and such failure continues for a period of thirty (30) days after written notice to Franchisee, Franchisor shall have the right either to terminate this Agreement entirely or to remove Franchisee from one or more Programs by amending Exhibit B hereto, in each case in its sole discretion.

2.4 Franchisor may immediately suspend or terminate this Agreement, without offering Franchisee any right to cure the default, upon the occurrence of any of the following (each an "Event of Default"):

(a) Franchisee commits fraud of any kind, including, but not limited to, charging a customer or policyholder of a Carrier or a Carrier itself for any work not performed or charging for new parts but installing used parts;
(b) A cessation of business by Franchisee;
(c) Franchisee's failure to comply with the either the Carrier Requirements (as defined below) or the Franchisor Requirements (as defined below), including any attachments hereto;
(d) A lapse or revocation of any license, permit, or certificate necessary for Franchisee to provide the services hereunder;
(e) The filing of any petition for bankruptcy, reorganization, insolvency, liquidation, suspension of payments, or commencement of any similar proceeding by or against Franchisee; or
(f) Default under and/or termination of any one of the Franchise Agreements.

2.5 Franchisor shall have the right to immediately terminate this Agreement without notice and in its sole discretion if a Transfer (as defined below) occurs without Franchisee obtaining Franchisor's prior written consent. All of the following events shall be deemed a "Transfer" for purposes of this Agreement:

(a) sale of all or substantially all of the assets associated with a Repair Shop, or of Franchisee in general;
(b) merger, consolidation, or any other business combination of Franchisee with another person or entity; or
(c) any investment of any kind in Franchisee by a competitor of Franchisor or one of Franchisor's affiliates.

2.6 If Franchisor has a commercially reasonable basis to believe that a Franchise Agreement or this Agreement will be terminated due to either an Event of Default or a Transfer, then notwithstanding any confidentiality or other requirements applicable to the relationship between Franchisor and Franchisee, Franchisee expressly authorizes and agrees that Franchisor may inform one or more Carriers of such pending termination or transfer.

3.0 MASTER SERVICE AGREEMENTS

Franchisee acknowledges and agrees that Franchisor, DBI, or an affiliate of Franchisor and DBI has entered into the Master Service Agreements set forth on Exhibit B. Franchisee further acknowledges and agrees that, in consideration for its access to and participation in the Programs, Franchisor may amend, restate, supplement, and otherwise modify Exhibit B from time to time in Franchisor's sole discretion by providing written notice to Franchisee; provided, that Franchisor timely provides any copies of applicable Carrier Requirements.

4.0 LICENSES

Franchisee shall secure, maintain, and hold the required permits, licenses, and certifications to be compliant with all local, state, and federal laws and regulations. At Franchisor's request, Franchisee shall provide proof of this compliance. Compliance with the requirements of this section is a requirement for participation under this Agreement, including any attachments to this Agreement.

5.0 COMPLIANCE AND PARTICIPATION

5.1 In performing services for customers or policyholders of the Carriers and/or the Carriers themselves, Franchisee agrees to participate in all of the Programs and provide the services described in the Master Service Agreements as if Franchisee were the "provider," "supplier," "vendor," or such similar designated party thereunder. Franchisee hereby makes all of the representations and warranties, agrees to all of the affirmative and negative covenants, and generally agrees to comply with and be bound by the all of the terms and conditions and obligations set forth in the Master Service Agreements (including, for the avoidance of doubt, all schedules, exhibits, and other attachments thereto) that apply to such service providers thereunder (collectively, the "Carrier Requirements"). The Carrier Requirements include, but are not limited to, terms and conditions in the Master Service Agreements related to fees and expenses, discounts, estimates, rental cars, shop management, valet programs, confidentiality, subcontracting, indemnification, insurance coverage, privacy and data security, inspections, quality control, business continuity and disaster recovery, background checks, anti-fraud training, intellectual property, gifts and gratuities, inducements, environmental responsibility, governance, codes of conduct, and any service-level objectives and key performance indicators. Franchisor shall provide a summary of the Carrier Requirements to Franchisee as necessary to facilitate Franchisee's compliance therewith, but due to confidentiality and other obligations Franchisor shall not be obligated to provide a copy of a Master Service Agreement to Franchisee.

5.2 In consideration for its access to and participation in the Programs, Franchisee agrees that it will use, participate, and otherwise comply with, as applicable, all of Franchisor's minimum requirements for participation in the Programs as set forth on Exhibit C (collectively, the "Franchisor Requirements"). Franchisee acknowledges and agrees that Franchisor may amend, restate, supplement, and otherwise modify Exhibit C from time to time in Franchisor's sole discretion by providing written notice to Franchisee,

which notice shall include copies of any agreed-upon terms and conditions with vendors that Franchisee is required to use.

5.3 Franchisee acknowledges and agrees that during the term of this Agreement Franchisor in its sole discretion will conduct a continuous periodic review of Franchisee's participation in the Programs and the estimates provided by Franchisee thereunder ("Central Review"). Pursuant to Central Review, Franchisor will from time to time in its sole discretion review the estimates provided by Franchisee for (i) best practices, (ii) compliance with applicable industry standards, (iii) quality control, and (iv) certain other metrics determined by Franchisor from time to time. Franchisee expressly agrees to participate and cooperate fully in the Central Review process as implemented by Franchisor hereunder.

6.0 PENALTY ASSESSMENT

6.1 Franchisee hereby expressly agrees to comply with any penalty assessments contained in the Master Service Agreements.

6.2 In the event that Franchisor or a Carrier has identified that repair quality is of concern with respect to any Repair Shop or that Franchisee is in material default under any Carrier Requirements, then Franchisor may, upon written notice to Franchisee, require Franchisee to engage an approved third party vendor to assist in oversight of quality assurance at Franchisee's sole expense.

7.0 WARRANTY

Each Franchisee shall provide and agree to honor a limited lifetime nationwide warranty of its and other "FIX AUTO" franchisees' workmanship for as long as the original customer or policyholder owns the vehicle (wear and tear excepted). A copy of this warranty will be provided to the vehicle owner by Franchisee.

8.0 RECORDS

Each Franchisee will maintain all records, including support documentation, in one file for each vehicle repaired and agrees to make such records available for inspection, and/or re-inspection to each Carrier during normal business hours as required by Franchisor, or for the minimum time period required under the applicable Master Service Agreement.

9.0 FRANCHISEE REPRESENTATIONS ON SERVICE AND QUALITY

9.1 In providing services to customers and policyholders of the Carriers and to the Carriers themselves, Franchisee will perform all such services in accordance with all applicable manufacturer guidelines and specifications and in accordance with any applicable regulatory safety standards and guidelines.

9.2 Franchisee shall provide services to customers and policyholders of the Carriers and to the Carriers themselves in a convenient manner to such customers, policyholders, and Carriers during the Term.

9.3 To facilitate receipt of assignments from each Carrier as well as to assist in developing appraisals and estimates, Franchisee shall secure a license to use the estimating and referral software currently designated by each such Carrier.

9.4 Franchisee will maintain an e-mail address to facilitate communications between Franchisee and each Carrier.

9.5 Franchisee will allow re-inspections of all estimates, documents, and repair work at any time before, during, and after the repair process, including any re-inspection required pursuant by Franchisor pursuant to Central Review.

10.0 INSURANCE

During the Term, Franchisee will, at its sole cost and expense, maintain insurance against claims which may arise from or in connection with the performance of any of the services hereunder at the Repair Shops and in the minimum coverage amounts set forth in the Master Service Agreements.

11.0 INDEMNIFICATION

Franchisee shall defend, indemnify and hold harmless Franchisor and its affiliates and their respective officers, directors, employees, agents, contractors, successors, and assigns from and against any and all damages, losses, fines, penalties, costs, and other amounts (including reasonable attorney's fees and expenses) (collectively, "Losses") arising from or in connection with any actual or threatened claims, demands, investigations, and causes of actions by third parties (each a "Claim") to the extent such Claim is based on or arises from or relates to (i) bodily injury (including death) or damage to or loss of any tangible property caused by the willful misconduct and/or negligent acts or omissions of Franchisee, its affiliated and subsidiary companies, and their respective officers, directors, employees, agents, contractors, subcontractors, successors and assigns, (ii) any breach of or default under any provision of this Agreement; (iii) the use of any product or service being licensed by or provided to any Carrier or to Franchisor under this Agreement that infringes on any patent, copyright, license, or other proprietary right of any third party; or (iv) any other negligent or intentional acts or omissions of Franchisee.

12.0 USE OF CARRIER NAMES

Franchisee shall not use the name of any Carrier or any of their member companies in any advertising, publicity release, or other communication without the express written consent of such Carrier, or such member company, respectively. Franchisee shall identify the

appropriate Carrier or member company name in all of its communications with such Carrier's customers, policyholders, and claimants.

13.0 CONFIDENTIALITY, PRIVACY, AND DATA SECURITY

Franchisee acknowledges and agrees that "Confidential Information" (as such term or any similar term is defined in any Master Service Agreement) includes, but is not limited to, financial information, strategic business plans, policies and/or marketing information, claims, sales, underwriting strategy, decision-making processes, third-party intellectual property, and pricing and/or profit information, in each case as disclosed to Franchisee pursuant to or in connection with Franchisee's participation in any Program. Franchisee agrees to implement and maintain measures to comply with any applicable federal, state, or local law or regulation governing the provision, receipt, maintenance, use, storage, or disclosure of personal information about any customer, policyholder, or claimant of a Carrier.

14.0 DISPUTE RESOLUTION

In consideration for its access to and participation in the Programs, Franchisee agrees that Franchisor may, in its commercially reasonable discretion, resolve any claim or dispute with a Carrier for relationship management purposes, and Franchisee hereby authorizes Franchisor to settle any such claims or disputes on Franchisee's behalf and bill Franchisee for the actual cost of such settlement.

15.0 NOTICES

In the event that any party is required to provide notification to any other party, notice shall be in writing and will be delivered in person or by delivery service or mailed by certified mail, return receipt requested, or delivered by confirmed facsimile transmission or e-mail, to the respective parties at the following addresses unless and until a different address or facsimile number or e-mail address has been designated by written notice to the other party:

If to Franchisor:

Contact Name:	Insurance Relations Department
Address:	FUSA Franchisor SPV LLC 440 South Church Street Suite 700 Charlotte, NC 28202
Email :	_____

If to the Franchisee:

Owner Name: _____
Franchisee Name: _____
Manager Name: _____
Address: _____
City/State: _____
Zip: _____
Facsimile: _____
Email: _____

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the Effective Date.

FUSA FRANCHISOR SPV LLC **FRANCHISEE**

By_____ By _____
(Signature) (Signature)

Name_____ Name_____
(Printed Name) (Printed Name)

Title _____ Title_____

Date _____ Date_____

EXHIBIT A

REPAIR SHOPS

EXHIBIT B

MASTER SERVICE AGREEMENTS

EXHIBIT C

FRANCHISOR REQUIREMENTS

1. Acknowledgement of the location handling typical mechanical operations (i.e., suspension, restraint system, frame replacement, etc.) in house. Subletting work for these typical operations would be offered at "book time x approved labor rate."
2. CCC suite including, but not limited to Update Plus, Calendar, Engage, Repair Methods, Photo Estimating
3. Central Review participation for applicable partnerships
4. Call Center participation for applicable partnerships
5. I-CAR Gold Class certification
6. I-CAR Welding Qualified (or AWS equivalent): Welding certificates must be held by working technicians completing welding repairs. Any welding repairs must be performed by I-CAR certified welders.
7. All tooling and equipment required to perform OEM repair procedures including, but not limited to three dimensional measuring, frame machine and fixtures, squeeze type resistance spot welder (STRSW), pulse mig welder, scanning device(s)
8. FIX AUTO Integration Program compliance
9. Maintain professional working relationship with all insurance representatives
10. Participation with a scanning & diagnostics provider that is approved by Franchisor (including but not limited to AsTech or OPUS IVS)

EXHIBIT K
TO FRANCHISE DISCLOSURE DOCUMENT

STATE EFFECTIVE DATES

State Effective Dates

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

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

State	Effective Date
California	Pending
Illinois	May 23, 2022 (Exempt)
Indiana	Pending
Michigan	May 23, 2022
Minnesota	Pending
Washington	Pending
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.

EXHIBIT L
TO FRANCHISE DISCLOSURE DOCUMENT

RECEIPTS

ITEM 23
RECEIPT

This Disclosure Document summarizes provisions of the franchise agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If FUSA Franchisor SPV LLC offers you a franchise, it must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale, whichever comes first. [Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.]

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

The franchisor is FUSA Franchisor SPV LLC, located at 440 South Church Street, Suite 700, Charlotte, North Carolina 28202. Its telephone number is (704) 377-8855.

The franchise seller for this offering is/are Brian Newberry, Dennis O'Mahoney, Max Masters, and _____, at 440 South Church Street, Suite 700, Charlotte, North Carolina 28202; (704) 377-8855.

Issuance Date: May 23, 2022

FUSA Franchisor SPV LLC authorizes the respective state agents identified on **Exhibit A** to receive service of process for it in the particular state.

I have received a Disclosure Document from FUSA Franchisor SPV LLC dated May 23, 2022, that included the following Exhibits:

A. LIST OF STATE AGENTS FOR SERVICE OF PROCESS AND STATE ADMINISTRATORS
B. FRANCHISE AGREEMENT AND EXHIBITS
C. FINANCIAL STATEMENTS
D. STATEMENT OF PROSPECTIVE FRANCHISEE
E. TABLE OF CONTENTS OF THE OPERATIONS PLAYBOOK
F. GENERAL RELEASE OF ALL CLAIMS
G. STATE-SPECIFIC ADDENDA AND FRANCHISE AGREEMENT RIDERS
H. LIST OF FRANCHISEES AND THEIR FIX AUTO SHOPS
I. LIST OF FRANCHISEES WHO CEASED TO DO BUSINESS UNDER THE FRANCHISE AGREEMENT
J. FORM OF SERVICE LEVEL AGREEMENT
K. STATE EFFECTIVE DATES
L. RECEIPTS

_____ _____
(Print Name) (Signature)

_____
Date

Keep this copy for your records. This Disclosure Document is also available in pdf format on our website: www.fixautousa.com.

ITEM 23
RECEIPT

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K. STATE EFFECTIVE DATES
L. RECEIPTS

_____ _____
(Print Name) (Signature)

_____
Date

Please sign this copy of the receipt, date your signature, and return it to: 440 South Church Street, Suite 700, Charlotte, North Carolina 28202.