



FRANCHISE DISCLOSURE DOCUMENT

ABRA Franchisor SPV LLC
a Delaware limited liability company
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The franchise offered is for the right to operate an Abra® Auto Body & Glass repair and refinishing shop specializing in high quality auto body repair and refinishing and auto glass repair and replacement services at competitive prices.

The total initial investment necessary to begin operations of an Abra® Auto Body & Glass Repair Center ranges from \$263,640 to \$4,569,050. This includes \$30,000 to \$40,000 that must be paid to the franchisor or affiliate. If you want development rights, you must pay us a development fee equal to \$5,000 multiplied by the number of additional Abra® Auto Body & Glass Repair Centers you commit to develop (excluding the first Abra® Auto Body & Glass Repair Center).

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 Mark Wahlin at mwahlin@drivenbrands.com or at 440 S. Church Street, Suite 700, Charlotte, North Carolina 28202 and (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 of this Franchise Disclosure Document: 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 A and B.
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 D 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 Abra® Auto Body & Glass 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 an Abra® Auto Body & Glass franchisee?	Item 20 or Exhibits A and B lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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. **Short Operating History.** The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.
3. **Mandatory Minimum 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.

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EXHIBITS

- A - List of Abra® Repair Centers
- B - List of Former Franchisees
- C - Table of Contents of Operations Playbook
- D - Financial Statements
- E - Abra® Franchise Agreement
- F - Multiple Repair Center Development Agreement
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- H - List of State Administrators/Agents for Service of Process
- I - State-Specific Addenda and Abra® Franchise Agreement Riders
- J - Form of Service Level Agreement
- K - Receipts

Item 1

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

The Franchisor

To simplify the language in this disclosure document, “we,” “us,” “our” or “Abra” means ABRA Franchisor SPV LLC, the franchisor. “You,” “your” or “Franchisee” means the person or legal entity to whom we grant a franchise. If you are a corporation, limited liability company, or other legal entity, certain provisions of the Franchise Agreement (Exhibit E) also apply to your owner(s).

We are a Delaware limited liability company organized on August 14, 2019. Our principal business address is 440 South Church Street, Suite 700, Charlotte, North Carolina 28202. We do business under our corporate name and the name “Abra” and under no other name. If we have an agent in your state for service of process, we disclose that agent in Exhibit H.

Predecessors

Abra’s predecessor, ABRA Automotive Systems LP (“Our Predecessor”) was incorporated under the laws of the State of Minnesota on March 16, 1987, and was converted into a Delaware limited partnership on September 30, 2014. Our Predecessor’s former parent and predecessor was ABRA Auto Body & Glass LP, a Delaware limited partnership (“Our Predecessor’s Former Parent”). Our Predecessor’s Former Parent (which at the time was a Minnesota corporation named ABRA, Inc.) opened the first Abra® Repair Center in March 1984 in Fridley, Minnesota. Our Predecessor’s Former Parent transferred the assets related to that Repair Center to a wholly-owned subsidiary (ABRA Fridley, Inc.) in December 1988. In March 1987, shareholders of Our Predecessor’s Former Parent formed Our Predecessor (as its wholly-owned subsidiary) to establish and develop the “Abra” franchise system. In May 1989, Our Predecessor’s Former Parent assigned its rights in the Marks (defined below) to Our Predecessor. Our Predecessor’s Former Parent never offered franchises for Abra® Repair Centers (defined below) or any other line of business.

On August 28, 2014, Wand Parent LP (“Wand”) indirectly acquired control of Our Predecessor’s Former Parent by acquiring its parent, Collision Acquisition Holding Company LP (formerly Collision Acquisition Holding Company, Inc.). Wand was itself majority-owned, through various subsidiaries, by H&F Wand AIV I, L.P., H&F Wand AIV II, L.P. and H&F Executives VII, L.P. (collectively, the “H&F Investors”), all of which are investment fund affiliates of the private investment firm Hellman & Friedman LLC (“H&F”). Wand, the H&F Investors and H&F all have a principal business address of c/o Hellman & Friedman LLC, One Maritime Plaza, 12th Floor, San Francisco, California 94111. In or about February 2019, affiliates of Wand purchased the Caliber-branded automotive repair system and combined these operations under common ownership with the Abra corporately-owned and franchised operations. Driven Brands Inc., a Delaware corporation (“Driven Brands”), purchased Our Predecessor in September 2019. Our Predecessor’s principal business address was 7225 Northland Drive North, Suite 210, Brooklyn Park, Minnesota 55428, which also was the principal business address of Our Predecessor’s Former Parent. Neither we, Our Predecessor nor affiliates currently own any Abra® Repair Centers.

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.

We are an indirect, wholly-owned subsidiary of Driven Brands. Driven Brands shares our principal business address. Until July 2015, Driven Brands was the direct parent company of several automotive brands described in this disclosure document. Driven Brands was restructured as part of a secured financing transaction which closed in July 2015 and is now the indirect parent company of the current franchisors of all of these brands.

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”), FUSA Franchisor SPV LLC (“FUSA”) and Abra. 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 FUSA 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.

FUSA franchises collision repair shops specializing in auto body repair work and after-collision services. FUSA has offered Fix Auto shop franchises since July 2020, although its predecessors have offered franchise and license arrangements for Fix Auto shops on and off from April 1998 to June 2020. As of December 25, 2021, there were 181 franchised Fix Auto repair shops operating in the United States, 9 of which are operated by FUSA's affiliate pursuant to a franchise agreement with FUSA.

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 an Abra® Repair Center 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 Nothing 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 corporate restructuring which closed in October 2019 (the “Secured Financing Transaction”), we became the franchisor of all existing and future Abra franchise and related agreements. Ownership and control of all U.S. trademarks and certain intellectual property relating to the operation of Abra® Repair Centers in the U.S. were also transferred to us.

Under a management agreement with Driven Brands, Driven Brands provides the required support and services to Abra 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). As a result of these transactions, there have been certain restructuring of various Driven Brands affiliates which are described in this Item 1.

The Franchise Offered

Abra franchises the right to operate Abra® Auto Body & Glass repair and refinishing shops (“Abra® Repair Centers” or “Repair Centers”) under the terms of the Franchise Agreement in the form included in this disclosure document as Exhibit E (the “Franchise Agreement”). An Abra® Repair Center offers high quality auto body repair and refinishing and auto glass repair and replacement services at competitive prices. Currently, Abra is offering new franchises only to existing Abra franchise owners that are in good standing under their Franchise Agreement, as well as approved shareholders and affiliates of such franchise owners, and will be signing new franchise agreements in connection with a transfer or assignment of an existing franchise agreement. We have offered franchises and development rights for Repair Centers since January 2020.

Abra has 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. In order to participate in these CMIPs, you will enter into our then-current form of Service Level Agreement (the “Service Level Agreement”), which includes our minimum requirements and CMIP partner requirements

for participation in these programs. Our current form of Service Level Agreement is included in this disclosure document as Exhibit J.

The customers for the goods and services which you will offer at your Repair Center include individuals seeking to have their personal automobiles repaired, painted and refinished, although up to 85% of your business may be performed ultimately on behalf of insurance companies. The market for auto body repair and refinishing services, as well as auto glass repair and replacement services, is well-developed and competitive. Business activity in general for auto body collision services will increase during periods of inclement weather.

Abra has developed a marketing system which creates, in the minds of customers, a certain image that Abra® Repair Centers offer high quality auto repair and refinishing services. Abra has also developed a business strategy for getting and keeping customers, and an operations system designed to maintain high quality standards in services offered at the Repair Centers. Abra has developed all of these as part of the business system (the “Business System”) which you will receive the right to use. Abra uses and licenses certain service marks and trademarks, logos, trade dress and other commercial symbols, including the service marks “Abra,” “Abra Auto Body & Glass” and “ABRA AUTO BODY REPAIR OF AMERICA” (collectively, the “Marks”) in connection with the operation of Abra® Repair Centers. Abra has the right to modify, enhance or add to the Marks.

The purchase of an Abra® franchise permits you: (i) to use the Marks; (ii) to obtain access to the distinctive operational and management attributes of the Business System, including a confidential operational manual (or manuals) describing complete guidelines for the operation of a Repair Center (the “Operations Playbook”); (iii) to take advantage of the combined purchasing power of all Abra® Repair Centers as well as its affiliates to obtain supplies and inventory at a competitive price; and (iv) to receive various forms of opening and operational assistance from Abra and its affiliates.

If you own an existing auto body repair and refinishing service business and meet Abra’s other qualifications, you may convert your existing business to an Abra® Repair Center. A conversion franchisee may encounter lower investment requirements than a start-up franchisee (as described in Item 7). If you desire to convert your business to an Abra® Repair Center, you must sign the Franchise Agreement, together with a “Conversion Addendum” in the form included as Exhibit C to the Franchise Agreement.

You may enter into a Multiple Repair Center Development Agreement in the form included in this disclosure document as Exhibit F (the “Development Agreement”) under which you will receive certain rights to develop multiple Abra® Repair Centers within a specific territory. If you sign the Development Agreement, you will sign our then-current form of franchise agreement for each Abra® Repair Center developed under the Development Agreement. Each then-current form of franchise agreement may differ from the version of Franchise Agreement attached to this disclosure document, except that you will pay a reduced Initial Franchise Fee (defined in Item 5) of \$25,000 for each Abra® Repair Center you develop under the Development Agreement. You must directly own each Repair Center developed under the Development Agreement and must develop these Repair Centers within the time frame described in the Development Agreement.

Laws and Regulations

You must comply with all laws, rules and regulations governing the operation of the Repair Center, and obtain all permits and licenses necessary to operate the Repair Center. In addition to laws and regulations that apply to businesses generally, your Repair Center may be subject to federal, state and local environmental laws and regulations governing, for example, disposal of hazardous waste and occupational health and safety. You will need to obtain a federal Environmental Protection Agency waste generation

license. Your local or state government may also require that you obtain an air compressor operation permit. The paint booth and paint storage room in your Repair Center must conform to state or local fire codes. Further, your Repair Center will be subject to various federal, state and local government regulations relating to site location and zoning. Your Repair Center business may also be impacted by automobile insurance laws.

Applicable laws and regulations are subject to repeal and/or modification. Moreover, there may be other laws and regulations, in addition to those referenced in the preceding paragraph, that directly impact operators of repair and refinishing shops. Prior to purchasing the franchise, we strongly encourage you to investigate the various laws and regulations that may be applicable to your Repair Center.

Competition

In the auto body repair and refinishing service business, your competitors will include 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. In the auto glass repair and replacement service business, your competitors will include independently owned local auto glass shops and other national and regional glass shop systems as well as certain of our affiliates as described above. Some of the national repair center and glass shop systems will have significantly greater financial resources than Abra and you.

Item 2

BUSINESS EXPERIENCE

Manager and Chief Executive Officer of Abra; Director, Chief Executive Officer and President of Driven Brands: Jonathan Fitzpatrick

Mr. Fitzpatrick has been a Manager and Chief Executive Officer of Abra since August 2019. 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.

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

Mr. O'Melia has served as Manager, Executive Vice President, and Secretary of Abra since May 2020. Mr. O'Melia also has served as Director, Executive Vice President, General Counsel, and Secretary of Driven Brands since May 2020. In addition, Mr. O'Melia 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.

Executive Vice President and Chief Financial Officer of Abra and Driven Brands: Tiffany Mason

Ms. Mason has been Executive Vice President and Chief Financial Officer of Abra and Driven Brands 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.

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

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.

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

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.

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

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.

Franchise Development and Franchise Relations for Abra: Mark I. Wahlin

Mr. Wahlin has held the position of Franchise Development and Franchise Relations for Abra since October 2019. Mr. Wahlin was Vice President of Franchise Development of Our Predecessor from April 2017 to September 2019 and Vice President of Franchise Relations of Our Predecessor from June 2014 to September 2019. Mr. Wahlin served in various capacities with Our Predecessor beginning in October 1998.

Item 3

LITIGATION

Concluded Action

Anderson Ford-Mazda, LLC v. ABRA Automotive Systems, LP, Case No. 01-19-0001-2666, American Arbitration Association (April 2019). On April 24, 2019, claimant Anderson Ford-Mazda, LLC ("Claimant") filed an Arbitration Demand against Our Predecessor. The matter relates to the merger between Caliber Collision Centers and Abra Auto Body Repair of America. Claimant alleged that Our Predecessor breached the franchise agreement and the implied covenant of good faith and fair dealing because, after the merger, an existing Caliber auto body repair shop that had been operating for years was located more than a mile from Claimant's ABRA location, resulting in an improper encroachment of the licensed area granted to Claimant under its franchise agreement. On August 19, 2019, Our Predecessor responded to Claimant's Arbitration Demand by denying Claimant's claims and by denying that the events at issue gave rise to any breach of the franchise agreement. On September 22, 2020, the parties signed a Settlement Agreement. Pursuant to the terms of the Settlement Agreement, Claimant was paid \$57,500, and the parties signed a mutual release of all claims arising from or in any way relating to the parties' relationship. Following the parties' notification of settlement, the American Arbitration Association closed the matter on September 25, 2020.

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 (an affiliate of Abra), 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 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.

Other than the above actions, no litigation is required to be disclosed in this Item.

Item 4

BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

Item 5

INITIAL FEES

You must pay to Abra an "Initial Fee" to cover the cost of services, including the General Manager Training courses, that Abra provides to you before, or shortly after, your Repair Center opens. The total amount for your Initial Fee will depend on the services that Abra provides to you and the number of Repair Centers you may develop if you sign a Development Agreement. The Initial Fee includes the Initial Franchise Fee, Development Fee (if applicable) and the Opening Promotion Fee.

Initial Franchise Fee. If you are opening a single Repair Center, you must pay an Initial Franchise Fee of \$35,000 to Abra. If you are currently opening your second or subsequent Repair Center, the Initial Franchise Fee is \$25,000. In either case, unless you already have an approved site for your Repair Center, you will first sign a Site Selection Agreement which governs your selection of a site for your Repair Center. You must pay \$10,000 of the Initial Franchise Fee to Abra, as a deposit, when you sign the Site Selection Agreement. You must then pay the balance of the Initial Franchise Fee to Abra when you sign the Franchise Agreement. You must sign a separate Franchise Agreement for each Repair Center you open.

You or Abra may terminate the Site Selection Agreement for any reason on written notice to the other party at any time before you sign a lease or purchase agreement for the site of the Repair Center. If you terminate the Site Selection Agreement, Abra will refund \$5,000 (50%) of your \$10,000 deposit. If Abra terminates the Site Selection Agreement within 6 months of the date you sign it, Abra will refund the full \$10,000 deposit to you plus interest at the rate of 4% per year. The Initial Franchise Fee (including deposit) is not otherwise refundable. During the fiscal year ended December 25, 2021, franchisees signing the Franchise Agreement paid or committed to pay an Initial Franchise Fee between \$10,000 and \$25,000.

Development Fee. You may only enter into a Development Agreement with Abra if you are, at the same time, entering into a Franchise Agreement for a single Repair Center. Under the Development Agreement, you must pay Abra \$5,000 for each future Repair Center to be developed in the exclusive development area granted to you (the “Exclusive Development Territory”). Abra and you will agree to the number of Repair Centers that you will develop before you sign the Development Agreement. In addition, the Development Agreement will contain a minimum development schedule which will specify when each of the Repair Centers must be developed and opened. The total development fee (not including the fee for your first Repair Center) is determined by multiplying the number of Repair Centers to be developed under the Development Agreement by \$5,000 (collectively, the “Development Fee”). For example, if you agree to develop a total of 3 Repair Centers within a specified area, you will sign a single Franchise Agreement for the first Repair Center and pay Abra’s standard Initial Franchise Fee of \$35,000 for the first Repair Center. Then, you will also sign a Development Agreement for the remaining 2 Repair Centers. The Development Fee will equal \$10,000 (\$5,000 multiplied by the 2 additional Repair Centers to be developed). The entire amount of the Development Fee is due and payable in a lump sum to Abra when you sign the Development Agreement. For each Repair Center developed under a Development Agreement, you will pay a reduced Initial Franchise Fee of \$25,000. You receive a credit of \$5,000 against this reduced Initial Franchise Fee in exchange for your payment of the Development Fee. Of the remaining balance of \$20,000, you will pay \$10,000 when you sign the Site Selection Agreement for each Repair Center and \$10,000 when you sign the Franchise Agreement for each Repair Center. The Development Fee is not refundable.

Opening Promotion Fee. You must pay a nonrefundable “Opening Promotion Fee” of \$5,000 to Abra when you sign the Franchise Agreement. Abra may use the Opening Promotion Fee for initial advertising and promotion activities for the Repair Center as Abra deems appropriate, although Abra’s current policy is to use the amounts collected to reimburse franchisees for approved promotional expenditures that they make.

Incentive Programs. We may periodically implement incentive programs to encourage franchise system growth. Under the incentive programs, we may, among other things, waive or reduce the Initial Franchise Fee, Development Fee, and/or Opening Promotion Fee, as applicable. We reserve the right to modify or discontinue any incentive program we implement at any time in our sole discretion.

Item 6

OTHER FEES

Column 1	Column 2	Column 3	Column 4
Type of Fee	Amount (See Note 1)	Due Date	Remarks
Continuing Fee (New franchises)	5% of your Gross Sales or \$45,000 per year, whichever is greater	On or before the 10th day of each calendar month for the previous month	See Note 2 and 11

Column 1	Column 2	Column 3	Column 4
Type of Fee	Amount (See Note 1)	Due Date	Remarks
Continuing Fee (Conversion franchises)	Up to 5% of Gross Sales, depending on volume, subject to annual minimum	On or before the 10th day of each calendar month for the previous month	See Notes 2, 3 and 11
Continuing Fee (Renewing franchises)	Same as existing franchise agreement	On or before the 10th day of each calendar month for the previous month	See Notes 2, 4 and 11
National Brand Fund Fee	Maximum amount is 1% of your Gross Sales	On or before the 10th day of each calendar month for the previous month	See Note 11 and Item 11 for further details
Regional/Local Marketing Fee	Maximum amount is 3% of your Gross Sales	On or before the 10th day of each calendar month for the previous month	See Notes 5 and 11, and Item 11 for further details
Joint Business Listings	Will vary depending on area and type of listing	When incurred	See Note 6
Transfer Fee	\$5,000	Before completion of transfer	Payable when the Franchise Agreement or substantial portion of the assets of the Repair Center or any controlling interest in you is transferred
Missing Document Expenses	\$100 for each missing document	After inspection or audit	Payable if, during an audit, you cannot provide documents you are obligated to retain
Audit Expenses	Costs and expenses related to audit	After inspection or audit	Payable only if understatement is greater than 2%
Renewal Fee	\$7,500	Before renewal of Franchise Agreement	
Insurance	Will vary under circumstances	When Abra requests reimbursement	Payable to Abra if you do not pay insurance premium and Abra pays it for you
Interest Expenses	Lesser of 18% per year or maximum rate permitted by law	When due	See Note 7
Computer System pass-through fees	Will vary depending on vendor and service provided	Upon invoice by Abra	See Note 8

Column 1	Column 2	Column 3	Column 4
Type of Fee	Amount (See Note 1)	Due Date	Remarks
Evaluation of Supplies, Suppliers	Will vary under circumstances	Upon invoice by Abra	See Section 6(C) of the Franchise Agreement
Costs and Attorneys' Fees	Will vary under circumstances	When incurred	Abra may recover costs and reasonable attorneys' fees if you lose in a dispute with Abra
Convention/Training Fees	If assessed, will vary under circumstances	When incurred	See Item 11
Central Review Fee	Our then-current fee, equal to a percentage of all Gross Sales generated by CMIPs, which fee is 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)	On or before the 10th day of each calendar month for the previous month	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.

Column 1	Column 2	Column 3	Column 4
Type of Fee	Amount (See Note 1)	Due Date	Remarks
Paint Surcharge	\$1,000 for each month that you use a supplier other than a Preferred Supplier for your requirements of paint for the Repair Center	When incurred	The Paint Surcharge reasonably represents our estimate of the damages to us and the Business System arising from your decision not to purchase paint from a Preferred Supplier

Notes:

- (1) Except where otherwise noted, all fees are payable to Abra, are imposed uniformly on our franchisees and are nonrefundable. We may periodically implement incentive programs to encourage franchise system growth. Under the incentive programs, we may, among other things, waive or reduce the Continuing Fee, the National Brand Fund Fee, and/or the Regional/Local Marketing Fee payable by a franchisee for a limited period of time. We reserve the right to modify or discontinue any incentive program we implement at any time in our sole discretion.
- (2) “Gross Sales” means the total revenues you receive from the sale of goods and services at or in connection with the Repair Center (including sublet labor and new and used replacement parts), less sales or similar taxes or refunds. For purposes of determining your level of Gross Sales, you will use Abra’s fiscal year period. Abra reserves the right to negotiate different continuing fee amounts with individual franchisees on a case-by-case basis, in its discretion. For any part of the Continuing Fees that are calculated as annual amounts, Abra will collect these amounts from you on a monthly basis in equal installments.
- (3) If you are converting an existing repair and refinishing shop to the Abra® brand, you will pay a variable Continuing Fee based on the amount of your Repair Center’s Gross Sales during the year. Before you sign the Franchise Agreement, we will determine, based on your records, a threshold figure that approximates your existing business’s annual Gross Sales prior to the conversion, but using Abra’s definition of Gross Sales (the “Baseline”). After you convert the existing repair and refinishing shop to the Abra® brand, your Continuing Fee for Gross Sales during each fiscal year up to the Baseline amount will be the greater of \$45,000 or 1.5% of your Gross Sales. (This figure is also your minimum annual Continuing Fee.) For Gross Sales during any fiscal year above the Baseline, the Continuing Fee is 5% of Gross Sales. For example, if a conversion franchisee has an existing Baseline of \$1,000,000, then collects \$1,500,000 during its first fiscal year while operating as an Abra® franchisee, that franchisee would be required to pay total Continuing Fees of \$70,000 for the year, as follows: \$45,000 (for Gross Sales up to the \$1,000,000 Baseline) + \$25,000 (5% x the remaining \$500,000) = \$70,000.
- (4) If you are renewing your franchise after having operated as an Abra franchisee for at least 10 years, you will pay the same Continuing Fee under the renewal agreement as you paid under the Franchise Agreement that is scheduled to expire.

- (5) Abra has the right to require you to participate in a regional/local marketing program for your Designated Market Area. As discussed in Item 11, this program will be administered by Abra. Abra will specify the actual amount you must pay as a “Regional/Local Marketing Fee,” up to a maximum amount of 3% of Gross Sales.
- (6) Abra does not require you to obtain a particular form of telephone listing for your Repair Center; however, Abra has the right to establish a toll-free nationwide telephone number and to list the toll-free number in local, regional or national listings, including (among other things) Internet listings. If Abra establishes a national toll-free number, you must participate in the listing program and pay your Repair Center’s pro rata share of the costs for the number and the listing(s).
- (7) Any unpaid Continuing Fees, Marketing Fees, Central Review Fees, or other fees due to Abra or its affiliates will bear interest at the rate of 18% per annum or the maximum rate permitted by law, whichever is less. In addition, you must timely pay all obligations and liabilities due and payable to suppliers, lessors and creditors. You must sign any documents Abra reasonably requests, including letters of credit, security agreements, and financing statements, to ensure payment of amounts due to Abra or its affiliates for direct purchases of any items used in your business. A payment will be considered unpaid if not received by Abra on or before the date due, if not honored by your bank, or, if you must pay by electronic transfer of funds, there are insufficient funds in your business bank account to collect the payment by a transfer of funds.
- (8) Abra has the right to purchase components, hardware, software, upgrades, updates, maintenance and training for the Network Computer System (including the CCC System (defined in Item 8) or any substitute software) on behalf of Abra franchisees, and to charge you for your share of these items.
- (9) Abra has the right to require you to sign an electronic transfer of funds authorization for your business bank account. If Abra requests that you make any payments by electronic fund transfer for your business bank account, you will sign all documents needed to accomplish payment by such method and will pay all reasonable costs related thereto. A copy of Abra current electronic transfer of funds authorization is included as Exhibit G of this disclosure document. The electronic transfer of funds authorization permits Abra or its affiliates to collect from your account, through electronic transfers, amounts due and payable to Abra or its affiliates for goods or services, including Continuing Fees, National Brand Fund Fees, and Central Review Fees.

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Item 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Column 1	Column 2	Column 3	Column 4	Column 5
Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee (See Note 2)	\$35,000 (See Note 2)	2 installments (or lump sum if you already have an approved site)	\$10,000 when you sign the Site Selection Agreement (if applicable), balance due when you sign the Franchise Agreement	Abra
Real Estate and Leasehold/Land Improvements	\$25,000 to \$4,000,000, or more (See Note 3)	As incurred	Before opening	Third-party contractors and architects
Equipment and Fixtures	\$130,000 to \$375,000, or more (See Note 4)	Lump sum	Before opening	Third-party suppliers
Signs	\$5,000 to \$25,000 (See Note 5)	Lump sum	Before opening	Third-party suppliers
Computer Hardware/Software System	\$14,400 to \$21,600 (See Note 6)	Lump sum	Usually when you place the order	Third-party suppliers
Deposits and Business Licenses	\$0 to \$5,000 (See Note 7)	Lump sum	Before opening	Landlord, utility companies and government agencies
Opening Promotion Fee and POP Materials	\$7,000 (See Note 8)	As incurred	When you sign the Franchise Agreement	Abra and Third- party supplier
Opening Inventory and Supplies	\$10,000 to \$15,000 (See Note 9)	Lump sum	Before opening	Third-party supplier(s)
Safety Training (See Note 10)	\$240 to \$450	As incurred	Before and after opening	Third-party supplier
I-CAR Certification (See Note 11)	\$2,000 to \$10,000	As incurred	Before and after opening	ICAR, providers of travel and lodging services

Column 1	Column 2	Column 3	Column 4	Column 5
Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Additional Funds - 3 Months	\$45,000 to \$75,000 (See Note 12)	As incurred	Before opening and as incurred	Abra, employees, third-party suppliers
TOTAL (See Note 13)	\$263,640 to \$4,569,050			

Notes:

- (1) Except where otherwise noted, all fees that you pay to Abra are nonrefundable. Third-party lessors, contractors and suppliers will decide if payments to them are refundable.
- (2) The Initial Franchise Fee for additional Repair Centers is \$25,000. See Item 5 for the conditions when the Initial Franchise Fee is partially refundable. If you enter into a Development Agreement, you will need an additional \$5,000 for each Repair Center to be developed under the Development Agreement (as this portion of the Initial Franchise Fee for each Repair Center to be developed is paid when you sign the Development Agreement).
- (3) Abra anticipates that all Repair Centers will be located in leased premises. The term of the lease generally ranges from 5 to 15 years. You may, however, desire to acquire land and build the building for a particular Repair Center. The minimum amount stated is an estimate of the cost of improvements if you are converting an existing business, which generally satisfies our site requirements, to an Abra® Repair Center. The maximum amount stated is an estimate of the cost of land and building (and site development costs) should you purchase these items. Typical locations for a Repair Center are downtown and suburban business centers, industrial parks and warehouse centers. The typical zoning classification in which Abra® Repair Centers are located is light industrial or commercial. The typical building for a Repair Center will have approximately 10,000 to 20,000 square feet of floor space with appropriate access for automobiles. Your site costs for a standard Abra® Repair Center may vary significantly from site to site. The exact cost will depend on several factors, such as the condition and location of the premises, whether you purchase the land and building, whether you elect to do more than the minimum required construction or renovations, whether you are converting an existing automobile repair shop or leasing new space, the landlord's agreement to reimburse you for certain improvements and other economic factors. This estimate is based on information we or Our Predecessor has received during the past several years.
- (4) This estimate includes costs for installation. Your investment in equipment and fixtures necessary to operate the Repair Center is highly variable. Your exact investment depends on several factors, including the size and location of the proposed Repair Center, local labor costs, current prices charged by suppliers, discretionary expenditures, inflation, financing costs and similar factors beyond Abra's or your control. The cost will increase as the number of square feet increases. The minimum amount stated assumes that you will purchase 1 paint booth, 1 preparation station, 1 standard frame machine and electronic measuring equipment for your Repair Center. The maximum amount stated assumes that you will purchase 2 paint booths, 2 preparation stations, 2 standard frame machines and electronic measuring equipment for your Repair Center. If you are converting your existing business to an Abra® Repair Center, you will likely possess some of the

required equipment and fixtures and pay less for equipment and fixtures than would a start-up franchisee.

- (5) This item is for indoor and outdoor signs for the Repair Center. The signs must meet Abra's standards and specifications and comply with any local government regulations.
- (6) You must use in your Repair Center a "Network Computer System," including hardware and certain software, which meets established computer industry standards and meets Abra's operating specifications. In addition, you must lease from 1 or more designated third parties certain customized software designed specifically for your Repair Center. Your computer hardware components must be compatible with all software Abra specifies, including the customized software identified in Item 11. You may purchase or lease the computer hardware components. Although Abra does not offer any financing arrangement for the Network Computer System, you should be able to obtain a 36-month or 48-month term lease from 1 or more third-party leasing companies. Your monthly lease payments for the Network Computer System will likely range from \$450 to \$600, which includes software licensing fees other than fees for the CCC System. You may incur additional costs in configuring your computer hardware components to conform with the estimating software that Abra prescribes.
- (7) This amount includes utility and security deposits and business licenses. Deposits are generally refundable, but license fees are not.
- (8) You must pay Abra an Opening Promotion Fee of \$5,000 when you sign the Franchise Agreement. In addition, prior to opening your Repair Center, you must purchase POP Materials (defined in Item 8) from our approved supplier.
- (9) Your initial investment in inventory and supplies may be lower depending on whether you are able to obtain paint supplies on a consignment basis.
- (10) Abra strongly recommends that you arrange for a safety training program for the employees of your Repair Center, both before you open and on an ongoing basis. Abra recommends (but does not require) that franchisees use the training program offered by the approved supplier, Team Safety, LLC. The estimate included above relates to your first 3 months of operations only.
- (11) You are required to achieve and maintain Gold Class certification from the non-profit Inter-Industry Conference on Auto Collision Repair (I-CAR) within 1 year of opening your Repair Center as an Abra® Repair Center. You will incur training fees and, in some cases, travel expenses for your employees to attend training in connection with I-CAR certification. You are encouraged to contact I-CAR for more information about certification and costs.
- (12) This amount estimates your initial pre-opening expenses not otherwise mentioned in the Table and expenses you will incur during the first 3 months of Repair Center operations, including lodging, meals and travel expenses for you and, if applicable, your Repair Center Manager to attend the initial training courses, initial wages and fringe benefits, insurance premiums, rent, advertising, taxes, office, paper and cleaning supplies and telephone hook-up. It does not include inventory (materials and parts used for specific services provided) costs beyond the opening inventory costs identified in the Table. The amounts are estimates, and Abra cannot guarantee that you will not incur additional expenses in starting the business. Your costs will depend on factors such as how much you follow Abra's systems and procedures, your management skills and experience, local economic conditions, the local market for Abra® Repair Centers, the prevailing wage rate, competition and the sales level reached during the initial period.

- (13) This total is an estimate of your initial investment and is based on our estimate of regional (Midwest) average costs and prevailing market conditions and our and Our Predecessor's (combined with Our Predecessor's Former Parent's) almost 40 years of experience in the business. You should review this amount carefully with a business advisor before deciding to purchase the franchise. These figures are estimates only and we cannot guarantee that you will not have additional expenses starting your Abra® business. We cannot estimate your initial investment under a Development Agreement, other than the Development Fee, which is described in Item 5.

Item 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

To ensure a uniform image and quality of products and services throughout the Abra® system, you must comply with and maintain Abra's quality standards. Although you are not required to lease real estate from Abra, Abra must consent to the location of your Repair Center. You must comply with Abra's then-current approved specifications and standards in constructing and equipping your Repair Center. You also must use equipment (including hardware and proprietary and non-proprietary software, as further explained below, for the Network Computer System), signs, fixtures, furnishings, products, supplies and advertising and sales promotion materials which meet Abra's specifications and standards. We may designate the manner or method through which you purchase products or services through approved suppliers.

We designate certain approved suppliers of paint to the Business System as "Preferred Suppliers," which suppliers may include us and/or our affiliates. You may choose to use, or not use, a Preferred Supplier. If you use a supplier other than a Preferred Supplier for your requirements of paint for the Repair Center, we may assess a nonrefundable Paint Surcharge for each month you use a supplier other than a Preferred Supplier.

You must purchase all of the point-of-purchase materials required to be purchased for the opening of your Repair Center (the "POP Materials") from an approved supplier (which may be us or one of our affiliates).

You must use software that is compatible with Abra's Network Computer System, and Abra periodically may designate specific operating software for use by franchisees, including certain customized software that you may be required to license from Abra's designees. You must use the proprietary estimating and business management software package that we prescribe for the Business System. Currently, the required software package consists of CCC Estimating, Accumark Advisor, and Workflow BMS, which you must purchase as a package from our designated supplier, CCC Information Services, Inc. (the "CCC System").

Although Abra has the right under the Franchise Agreement to require a specific type of auto glass estimating and reporting software, as of the date of this disclosure document Abra allows franchisees to use any auto glass software solution they choose, to provide auto glass replacement services to their customers. Currently, Abra recommends (but does not require) a customized auto glass estimating and reporting software application called GlasPacLX, which is available from GTS Services. In addition to software licensing fees and related charges, GTS Services imposes an Electronic Data Interchange (EDI) charge for each electronic business transaction conducted through your Network Computer System. These charges currently range from \$0.40 to \$2.50 per transaction for Abra franchisees, depending on volume. Other auto glass software providers also charge license fees and EDI transaction charges. You should contact the glass software provider that you choose to determine actual costs.

Abra and/or its affiliates may derive revenue based on your purchases and leases, including from charging you (at prices exceeding its and their costs) for services and products that Abra or its affiliates sell you and from promotional allowances, rebates, volume discounts, and other amounts paid to Abra and its affiliates by suppliers that Abra designates, approves, or recommends for some or all Abra® franchisees. Abra and its 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 Abra and its affiliates consider appropriate.

During fiscal year 2021, neither Abra nor any of its affiliates derived revenue from your purchase of the CCC System or other software programs, although Abra anticipates that it and/or its affiliates may do so in the future. Your expenditures on license fees and computer training fees will represent less than 2% of the cost to establish your Repair Center. Your software license and maintenance fees for the CCC System and your glass software program will represent less than 5% of the cost to operate your Repair Center. Abra has the right under the Franchise Agreement to designate software other than the CCC System as the required estimating software and to designate a single source for your auto glass software. You must implement any changes that Abra mandates, at your expense. Abra also has the right to purchase components, hardware, software, upgrades, updates, maintenance and training for the Network Computer System (including the CCC System or any future substitute software) on behalf of the entire network of franchised Abra® Repair Centers, and to charge you for your share of these items.

You may sell or provide at, or otherwise use in, your Repair Center only those services and products that Abra approves. Approved services and products must meet specifications and standards that Abra develops. Abra periodically publishes for the benefit of franchisees a list identifying approved products for use in an Abra® Repair Center. Abra may periodically update and alter these specifications and standards and modify the list of services or products you may sell or use in an Abra® Repair Center. You may purchase approved products from any available source of supply.

While Abra will provide you with a list of "Preferred Suppliers" for paint and "recommended" suppliers for other various items other than the CCC System, Abra does not currently maintain a list of approved suppliers nor does it maintain any criteria for approving suppliers, although Abra may, periodically, endorse a particular supplier. Any supplier who can provide these items meeting Abra's specifications (if any) is, in effect, an approved supplier. Abra may verify that the item the supplier provides meets Abra's specifications (if any). Abra will approve or disapprove any alternative suppliers proposed by you within 180 days after receiving all information needed to evaluate the supplier. Abra does not provide material benefits to franchisees based on franchisee's purchases of particular products or services or their use of particular suppliers.

Abra ordinarily states within the Operations Playbook, or otherwise in writing (including through Abra's intranet, as described in Item 11, or by other electronic means), general specifications and standards for Repair Center equipment, paint and paint materials, signs, fixtures, furnishings, promotional materials, and computer hardware and non-proprietary software used in your Repair Center. Abra periodically modifies or adjusts these specifications and standards.

In addition to listing recommended and designated suppliers, Abra will periodically negotiate and enter into consolidated supply program agreements with approved third-party suppliers for the purchase of various supplies, products, and services needed for use in the operation of an Abra® Repair Center ("Supplier Agreements"). Under these Supplier Agreements, suppliers may agree to extend discounted prices and/or other concessions to Abra's affiliate-owned and participating franchised Abra® Repair Centers ("Consolidated Supply Programs"). Abra franchisees who wish to participate in Consolidated Supply Programs must enter into an amendment to the Franchise Agreement (the "Consolidated Supply Amendment"), under which the franchisees agree to be bound by all applicable program rules, conditions

and guidelines. Franchisees are permitted to opt out of participation in individual Consolidated Supply Programs, by providing 30 days' written notice to Abra. The Consolidated Supply Amendment is included as Exhibit E to the Franchise Agreement, which is attached as Exhibit E of this disclosure document.

You must modernize your Repair Center on notice from Abra, although Abra cannot require you to do so more than once every 5 years. The modernization must conform to the standards that Abra requires at that time for similarly situated new Abra® Repair Centers. Because the scope of modernization may range from simply repainting the Repair Center to completely refurbishing the entire Repair Center, including structural changes, remodeling, redecorating and replacing furniture, fixtures, signs, supplies and office, computer and other Repair Center equipment, Abra estimates that current costs for a modernization project may range between \$5,000 and \$50,000 each time you modernize. Before you modernize your Repair Center, you must submit your modernization plans to Abra for its approval.

You must purchase and maintain at your sole expense the types of insurance with limits and deductibles or self-insured retentions as specified in Section 9 of the Franchise Agreement, or as further described in the Operations Playbook. This is in addition to any other insurance that may be required by applicable law, any lender or lessor. Currently, the types of coverages that you are required to obtain include the following: (1) Commercial Auto (Garage Operations – Other Than Covered Autos, Garage Operations – Covered Autos, Garage Keepers Coverage and Physical Damage Coverage); (2) statutory workers' compensation (or such other disability benefits type insurance as may be required by statute or rule of the state in which you do business) and employers' liability insurance; (3) commercial umbrella/excess liability; (4) all risk commercial property insurance with full replacement cost limits; (4) cyber-risk insurance (both first-party and third-party losses); (5) Employment Practices Liability insurance (including third-party discrimination); and (6) any other insurance coverage that is required by federal, state or municipal law. Your insurance policies must name Abra, its affiliates, and any other party designated by Abra as additional insureds, and must provide that your insurance is primary and non-contributory, and that your insurer waives any right of subrogation against Abra and its affiliates. 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 Repair Center under the Service Level Agreement.

The foregoing are only minimum insurance requirements. In general, you may need more insurance depending on your own financial situation, risk tolerances, and local risk issues. Abra does not represent that any required insurance will adequately cover you, and we recommend that you consult with your own insurance agents, brokers, attorneys or other insurance advisors to determine the level of insurance protection you need and desire (apart from the coverage required by Abra).

During fiscal year 2021, Abra did not derive any revenue from the sale of products or services to Abra franchisees or arising out of franchisee purchases, although it may do so in the future. Abra and its affiliates did, however, receive fees or payments from third-party suppliers during fiscal year 2021. These payments were in lump sum or periodic payments. During fiscal year 2021, Abra and its affiliates received purchase discounts and/or volume rebates of approximately \$1,075,973 from suppliers in connection with franchisee purchases from these suppliers.

Abra estimates that the purchase or lease of equipment (including computer hardware and non-proprietary software), signs, fixtures, furnishings, products, supplies and advertising and sales promotion materials (see Item 11 for information on advertising and sales promotion materials) which meet Abra's specifications and standards will represent approximately 30% to 90% of the cost to establish your Repair Center and approximately 10% to 20% of the cost to operate your Repair Center.

None of our officers currently own an interest in any non-affiliated, third-party suppliers that comprise the existing supply base for the Abra® system. Abra is not currently aware of any purchasing or distribution cooperatives in the Abra® system that offer to you certain products used in your Repair Center. Except as described above, there are no goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items related to establishing or operating the Repair Center that you currently must buy or lease from us (or our affiliate) or from designated or approved suppliers.

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	Item in Disclosure Document
a. Site selection and acquisition/lease	Sections 1(A), 4(A), and 6(K) of Franchise Agreement, Sections 1-4 of Site Selection Agreement, Section 2 of Conversion Addendum and Sections 3 and 4 of Development Agreement	Item 11
b. Pre-opening purchases/lease	Sections 6(C) and (K), and 8(C) and (D) of Franchise Agreement and Section 3 of Site Selection Agreement	Items 5, 7, and 8
c. Site development and other pre-opening requirements	Sections 4 and 6(K) of Franchise Agreement, Section 4 of Site Selection Agreement and Sections 4 and 5 of Development Agreement	Items 5, 7, 8 and 11
d. Initial and ongoing training	Sections 5(B), (C) and (E), and 6(B) and (L) of Franchise Agreement	Items 5 and 11
e. Opening	Sections 5(B) and (C), 6(H) and (I), 8(C) and 13(A)(1) of Franchise Agreement	Items 5 and 11
f. Fees	Sections 2(B)(5)-(6), 7(A)-(D), 8(A)-(C), and 12(C)(8) of Franchise Agreement, Section 7 of Site Selection Agreement, Section 1 of Conversion Addendum, Section 2 of Development Agreement, and Sections 5.1 and 6.0 of Service Level Agreement	Items 5, 6 and 7
g. Compliance with standards and policies/operating manual	Section 6 of Franchise Agreement and Sections 5.0 and 9.0 of Service Level Agreement	Items 8, 11 and 16

Obligation	Section in Agreement	Item in Disclosure Document
h. Trademarks and proprietary information	Section 3, 6(G) and 15(B) of Franchise Agreement, Sections 5 and 9(A) of Site Selection Agreement, and Section 12.01 of Service Level Agreement	Items 13 and 14
i. Restrictions on products/services offered	Section 6(C) of Franchise Agreement	Items 8, 11 and 16
j. Warranty and customer service requirements	Sections 6(O) and (P) of Franchise Agreement and Section 7.0 of Service Level Agreement	None
k. Territorial development and sales quotas	Section 1(B) of Franchise Agreement, Section 1 of Site Selection Agreement and Sections 1-5 of Development Agreement	Item 12
l. Ongoing product/service purchases	Section 6(C) of Franchise Agreement	Items 8 and 11
m. Maintenance, appearance and remodeling requirements	Sections 2(B)(3), 4(B) and 6(D) of Franchise Agreement	Items 6 and 11
n. Insurance	Section 9 of Franchise Agreement and Section 10.0 of Service Level Agreement	Items 6 and 8
o. Advertising	Section 8 of Franchise Agreement	Items 5, 6, 7, 8 and 11
p. Indemnification	Section 10 of Franchise Agreement and Section 11.0 of Service Level Agreement	None
q. Owner's participation/management/staffing	Sections 6(B) and (H) of Franchise Agreement	Items 11 and 15
r. Records/reports	Sections 7(D), (F) and (G) of Franchise Agreement and Section 8.0 of Service Level Agreement	Item 6
s. Inspections/audits	Sections 6(J) and 7(H) of Franchise Agreement and Section 5.3 of Service Level Agreement	Item 6
t. Transfer	Sections 11 and 12 and Exhibit G of Franchise Agreement, Section 10 of Site Selection Agreement, Section 8 of Development Agreement, and Section 2.5 of Service Level Agreement	Items 6 and 17
u. Renewal	Section 2(B) of Franchise Agreement	Items 6 and 17
v. Post-termination obligations	Sections 15 and 16(B) of Franchise Agreement, Section 9 of Site Selection Agreement and Section 7 of Development Agreement	Item 17
w. Non-competition covenants	Section 16 of Franchise Agreement	Item 17

Obligation	Section in Agreement	Item in Disclosure Document
x. Dispute resolution	Sections 17 of Franchise Agreement, Section 9 of Development Agreement, and Section 14.0 of Service Level Agreement	Item 17

Item 10

FINANCING

Abra does not offer direct or indirect financing. Abra does not guarantee your note, lease or obligation.

Item 11

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

Except as listed below, Abra is not required to provide you with any assistance.

As noted in Item 1, we have entered into a management agreement with Driven Brands for the provision of support and services to Abra franchisees. Driven Brands may delegate certain of these responsibilities to Our Predecessor, Driven Brands Shared Services or other affiliates. However, we remain responsible for all of the support and services required under the Franchise Agreement.

Pre-opening Assistance. Before you open your Repair Center, Abra or its designee will:

- (1) Grant you rights to establish a specific number of Repair Centers at locations we consent to within the Exclusive Development Territory if you sign a Development Agreement (Development Agreement - Section 1).
- (2) Provide you with a copy of Abra's Site Guidelines (defined below) and assist you in evaluating a site for your Repair Center (Site Selection Agreement - Section 2).
- (3) Review up to 4 sites (at no charge) that you have selected as potential sites for the Repair Center. Abra will inspect additional sites for \$150 per site (Site Selection Agreement - Section 2).
- (4) Provide you with specifications for the layout and design of the Repair Center (Franchise Agreement - Section 5(A)).
- (5) Provide the mandatory training program described below (Franchise Agreement - Section 5(B)).
- (6) Furnish you with a copy of, or otherwise make available to you (through Abra's intranet or through some other means of electronic access) the confidential Operations Playbook. You must keep the Operations Playbook and its contents confidential and return (and cease any all access of) it when the Franchise Agreement terminates (Franchise Agreement - Section 5(D)).

- (7) 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 the Repair Center, as well as a list of approved products (Franchise Agreement - Section 5(A)).
- (8) Provide opening assistance to assist you immediately before and during the initial opening of your Repair Center. Abra is not liable for damages arising out of your failure to open your Repair Center by a particular date (Franchise Agreement - Section 5(C)).

Ongoing Assistance. During the operation of your Repair Center, Abra or its designee will:

- (1) Conduct periodic evaluations of your Repair Center and provide to you written reports to assist you in Repair Center operations (Franchise Agreement - Section 5(E)).
- (2) Provide, at your written request, advisory services relating to Repair Center operations (Franchise Agreement - Section 5(E)).
- (3) Periodically make available all changes and additions to the Business System generally made available to all franchisees (Franchise Agreement - Section 5(E)).
- (4) Periodically furnish you with (or allow you electronic access to) updated and revised material for the confidential Operations Playbook (Franchise Agreement - Section 5(E)).
- (5) Provide, in some cases for a fee, additional training programs and materials as Abra deems appropriate (Franchise Agreement - Section 5(E)).
- (6) In Abra's judgment, provide you with access to certain portions of Abra's intranet or other similar communications media that may be used by Abra in the future, and provide you with an Abra® network email address.
- (7) Assist with submitting applications on behalf of a pre-certified Repair Center for participation in CMIPs' DRPs or PBAs (Franchise Agreement - Section 6(Q)).

Marketing Programs. Abra establishes and conducts various marketing programs as follows.

Abra has the right to require you to contribute a maximum of 1% of your Gross Sales as a "National Brand Fund Fee" to the Abra® National Brand Fund. Franchised Repair Centers currently are required to contribute 0.7% of Gross Sales to the National Brand Fund. Abra may use amounts from the National Brand Fund for, among other things: (1) broadcast or print advertising; (2) the creation, development and production of advertising and promotional materials, including ad slicks, commercials, videotapes, digital monitor marketing, on-hold messaging, direct mail pieces and other print advertising; (3) market research or other brand-related research and development; (4) product research and development; (5) services provided by advertising agencies, public relations firms or other marketing, research or consulting firms or agencies; (6) customer loyalty and incentive programs, sponsorships, marketing meetings and sales incentives; (7) development and maintenance of the external Abra website, the Abra intranet, establishment of a national or regional toll-free number, and the costs of utilizing future communications media platforms or technologies for the promotion of the Abra brand, the Marks or for communications with customers; (8) web-based advertising, including search engine optimization, social media, and related costs; (9)

management and administration of CMIPs and similar programs with other third parties, including costs incurred in contract negotiation and administration; (10) the operation of Abra's Customer Care Center and Abra's National Audit program, which helps to confirm compliance with Abra's insurance partner profiles; (11) administrative costs, salaries and benefits for marketing support personnel; and (12) other expenses relating to the general promotion or maintenance of the Marks or Abra's brand image. No amount of the National Brand Fund will be used on advertising the principal purpose of which is to solicit new franchise sales; however, Abra may use money contributed to the National Brand Fund for materials that include the phrase "Franchises Available" or comparable language, and Abra may include franchise-related content on websites that it establishes or maintains.

Each Abra franchisee must pay the National Brand Fund Fee. All Abra franchisees will contribute the same percentage of Gross Sales as National Brand Fund Fees. In addition, company-owned Repair Centers, if any, must also pay the National Brand Fund Fee on the same basis as other franchisees. Abra administers the National Brand Fund and provides you (upon request) with an annual unaudited statement of the receipts and disbursements of the National Brand Fund. The National Brand Fund is not a trust or escrow account, and Abra has no fiduciary obligations regarding the National Brand Fund. Abra is not obligated to spend any amount on advertising in the area or territory where you are located.

During our fiscal year ended December 25, 2021, National Brand Fund Fees were expended as follows: approximately 45% was spent on administrative expenses (including salaries and other compensation and benefits for individuals involved in national sales and marketing, general office expenses, travel and entertainment expenses, telecommunications, and information technology); approximately 15% was spent on the National Audit program; approximately 7% was spent on advertising production and promotional events; approximately 28% was spent on other items (including training, professional expenses, and other operating expenses); and approximately 5% was not spent. National Brand Fund Fees not spent in any fiscal year will be carried over for future use or used to repay any amounts previously loaned by us to the National Brand Fund.

You must also pay an "Opening Promotion Fee" of \$5,000 to Abra when you sign the Franchise Agreement. Abra administers the use of the Opening Promotion Fee. Currently, Abra uses the Opening Promotion Fee to reimburse up to \$5,000 for expenditures that you make on approved marketing and promotional activities in connection with the opening of your Repair Center, provided the expenditures are made within 12 months of the Repair Center opening. You must provide Abra with documentation of the expenditures in accordance with Abra's reasonable reimbursement policies and procedures. If you do not make these expenditures, Abra may spend any unreimbursed amounts on marketing activities that Abra deems appropriate, contribute the amounts to the National Brand Fund, or retain the amounts in Abra's general funds. Abra will use your Opening Promotion Fee only for the promotion of your Repair Center. Abra does not receive an administrative fee to cover related marketing and administrative expenses from the Opening Promotion Fee.

In addition, prior to opening the Repair Center, you must purchase the POP Materials from Abra's approved supplier.

You may develop advertisement materials for your own use, at your own cost, if your materials are factually correct and accurately depict the Marks. If you develop advertising materials, you must provide a copy of the materials to Abra for its review and approval (in writing) before you use the advertising materials.

Abra has the right to require that you participate in, and contribute a maximum of 3% of Gross Sales as a "Regional/Local Marketing Fee" to, a regional/local marketing program established by Abra in the Designated Market Area (the "DMA") where your Repair Center is located. Abra will be responsible

for administering the regional/local marketing program according to its judgment, although Abra will have no fiduciary obligations with respect to the program. In administering the program, Abra may consult with participating Repair Centers periodically. As requested by participating Repair Centers, Abra will prepare and make available annual or periodic financial statements for the regional/local marketing program. Abra may adopt formal rules governing its regional/local marketing activities. Abra also reserves the right to dissolve or otherwise modify its existing regional/local marketing program, including the right to establish advertising cooperatives. Currently, Abra does not plan to use any portion of Regional/Local Marketing Fees to sell additional franchises. Regional/Local Marketing Fees not spent in any fiscal year will be carried over for future use.

Except in years when Fees remain unchanged, Abra will advise you each year what amount you will be required to contribute as a National Brand Fund Fee and as a Regional/Local Marketing Fee. Other than the programs described above, Abra is not obligated to conduct any additional advertising, marketing or promotion.

As of the date of this disclosure document, there is no advertising council for the franchise system. Abra has the power, however, to form, change or dissolve any advertising council. In addition, any advertising council that Abra forms will serve in only an advisory capacity.

We have the right to require you, at your expense, to participate in an Abra website or other online communication systems. You may not create and maintain your own website(s) for the Repair Center. We may create and maintain a webpage for the Repair Center on the Abra website to ensure it is consistent with our standards, as we may modify them periodically. We have the right to determine the content and use of any websites or other online communication systems and will establish the rules under which franchisees will participate. If we include information about the Repair Center on the Abra website, you must give us the information and materials that we periodically request concerning the Repair Center. We retain all rights relating to any website or other online communication systems (including the domain name or URL for the Abra website, the log of “hits” by visitors, and any data and other personal or business data that visitors (including you) supply) and may alter or terminate the site or systems. Your general conduct on any website or other online communication systems, and specifically your use of the Marks, domain names or any advertising, is subject to the provisions of the Franchise Agreement. All content you post on local sites relating to your Repair Center or the franchised business must be approved in advance by us. Certain information obtained through your participation in the website or other online communication systems may be considered confidential information, including access codes and identification codes. Your right to participate in any website or other online communication systems (including our intranet, if any) or to otherwise use the Marks or Business System on the Internet terminates when the Franchise Agreement expires or terminates. We reserve all rights to online listings. You must cooperate in any of our attempts to gain access to and control of directory listings for the purposes of maintaining a competitive search engine ranking, through consistent representation of the business name and information.

Network Computer System. You must install a network-based computer system (the “Network Computer System”) meeting Abra’s operational standards and reporting requirements. 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. Abra estimates that a new franchisee will spend between approximately \$14,400 to \$21,600 for all the components of a new Network Computer System, including hardware and software, but excluding ongoing maintenance costs.

You must install and maintain computer hardware sufficient to maintain a network of workstations, each of which must have the ability to run the latest versions of Abra’s designated software programs. The Network Computer System must also include all of the hardware necessary to support various functionalities

that Abra may require, each of which must meet Abra's current specifications and requirements. You must also maintain high speed Internet access for the Network Computer System in the manner that Abra specifies.

The Network Computer System must run each the software programs that Abra requires, including the CCC System described in Item 8 of this disclosure document. Required software may include: the collision repair and auto glass estimating, reporting and management software programs described in Item 8 of this disclosure document; imaging software; paint mixing software; proprietary data communications software (from estimating system companies); accounting software; credit card processing software; remote access software; email support software; general office software (including word processing, spreadsheet, database and other programs); operating systems (including network operating systems); anti-virus software; backup software and other software programs, all of which must meet Abra's current specifications and requirements.

You must purchase quality computer hardware and software from reliable sources and ensure that the software vendors' hardware configuration requirements are met or exceeded. Hardware and software company contact information is available from Abra upon request. Buying unapproved hardware may result in workflow interruptions and additional costs to you. You are solely responsible for the appropriate purchase, installation and configuration of all computer hardware and software and for ensuring that your Network Computer System is continuously operational.

Before purchasing collision repair estimating systems and digital imaging systems, you should ensure that the systems that you plan to purchase comply with the DRP requirements of the various insurance company partners, both current and future, with whom you intend to do business.

You are contractually required to make periodic upgrades and updates to the Network Computer System hardware and software. There are no contractual limitations on the frequency and cost of this requirement. (Franchise Agreement - Section 6(L))

The approximate costs of software subscription and maintenance contracts and Internet access for your Network Computer System will range from \$1,155 to \$1,990 per month, as follows:

CCC System	\$1,045 - \$1,545
Glass Replacement System	\$70 - \$120*
Internet Access	\$40 - \$325
TOTAL	\$1,155 - \$1,990

*This range does not include EDI transaction charges, which range from \$0.40 to \$2.50 (or more) per electronic transaction, depending upon your glass software provider, your volume of transactions and the arrangement you negotiate.

Computer and network replacement parts are an additional expense. Although independent hardware and software support providers are recommended, Abra may be available to provide some types of support at an estimated rate of up to \$150 per hour.

Abra has the right to (and currently does) remotely access the operational and financial data stored in your Network Computer System, including Customer Data (defined in Item 14). You must cooperate with Abra to allow such access by, among other things, configuring and maintaining your Network Computer System to allow inbound traffic for Abra to retrieve data. We and our affiliates may use this information and data, together with any records and reports that you are required to provide to us under the Franchise Agreement, for any purpose and in any form as we and they periodically determine, including to

conduct marketing and cross-promotional campaigns and to compile on an aggregated basis statistical and performance information relating to our (or our affiliates') services and products, Abra® Repair Centers, and/or other automotive businesses franchised and owned by us and our affiliates. You must ensure that the Network Computer System is continuously operational. (Franchise Agreement - Section 6(L))

Site Selection. If you already have a potential site for an Abra® Repair Center, you may propose the location to Abra. We may consent to the site after we have independently reviewed it. If you do not have a proposed site, you and Abra will enter into a Site Selection Agreement under which you agree to locate a proposed site for your Repair Center and Abra agrees to provide you certain assistance in locating the site. (Site Selection Agreement - Section 1) Under the Site Selection Agreement, Abra will furnish you with a copy of our Site Selection Guidelines (the "Site Guidelines"). Abra will also consult with you in the selection of a site for your Repair Center and will, at no charge to you, review up to 4 sites selected by you as potential sites for your Repair Center. Abra will charge \$150 for each additional site you request us to review. (Site Selection Agreement - Section 2) You are solely responsible, however, for locating and obtaining a site which meets Abra's standards and criteria and that is acceptable to Abra. You are also responsible for determining that the proposed site meets all zoning and other applicable government requirements, and that you have obtained all required government permits.

Abra must consent to the proposed site for your Repair Center. The general site selection and evaluation criteria which you should consider (and which Abra will consider in determining whether to consent to your site) include traffic patterns, parking, layout of the facility, population of the surrounding area, size and rental cost of property and other, similar factors. Abra's evaluation or review of a site for the Repair Center does not constitute a recommendation or guarantee as to the success of the site. If you have not leased or purchased a site acceptable to Abra within 6 months of signing the Site Selection Agreement, Abra may terminate the Site Selection Agreement and the Franchise Agreement and Abra may retain the \$10,000 deposit paid by you under the Site Selection Agreement.

If you enter into a Development Agreement, Abra and you will have agreed to an Exclusive Development Territory in which additional Repair Centers may be opened. Abra will evaluate a location and enter into a Site Selection Agreement or a Franchise Agreement for an additional Repair Center if, at the time of your request: (i) you have paid all amounts due and owing to Abra and are in good standing under all outstanding franchise agreements relating to the Exclusive Development Territory; (ii) you are not in default under the Development Agreement; and (iii) the proposed site for the Repair Center is within the Exclusive Development Territory and Abra consents to the site after evaluating the criteria described above.

Development Time. The typical length of time between Abra's acceptance of the Site Selection Agreement and the opening of your business varies from 6 to 12 months. This period can be longer or shorter depending on the time of year, availability of financing, local construction delays, how soon you can attend training or other factors.

Training. We will be offering a training program for new franchises granted and for transferees of existing Abra® Repair Centers, as necessary. We will provide such training to you and certain of your managers (i.e., general manager, customer service manager, customer service representative, and pre-op manager) via an on-site or online training program within approximately 10 weeks after the effective date of the Franchise Agreement. (Franchise Agreement - Section 5(B)) You and the managers we designate must successfully complete certain of these training courses prior to opening your Repair Center or shortly after opening. We will provide you with the program along with a timeline for on-site and remote training. We expect the classroom training to be approximately 2-3 days in length for each manager and the on-the-job training to be another 1-2 days, although the length of time may vary depending upon the experience of the franchisee. As a new franchisor, we plan to be flexible in scheduling training to accommodate our and

your personnel. There currently are no fixed (i.e., monthly or bi-monthly) training schedules. You are responsible for travel costs, room and board, salaries, fringe benefits and other expenses you and your personal incur in attending the training courses.

The following chart describes our current initial training program, which we may modify for the particular trainees:

TRAINING PROGRAM

Column 1	Column 2	Column 3	Column 4
Subject	Hours of Classroom Training⁽¹⁾	Hours of On-the-Job Training⁽²⁾	Location
General Manager Training (including ABRA Op-Ex, CCC One Management system, etc.)	17 hours	11 hours	Your Repair Center and Online
Totals	17 hours	11 hours	

Column 1	Column 2	Column 3	Column 4
Subject	Hours of Classroom Training⁽¹⁾	Hours of On-the-Job Training⁽²⁾	Location
Customer Service Manager Training (including CCC One Management System, Image Publisher, etc.)	16 hours	10 hours	Your Repair Center and Online
Totals	16 hours	10 hours	

Column 1	Column 2	Column 3	Column 4
Subject	Hours of Classroom Training⁽¹⁾	Hours of On-the-Job Training⁽²⁾	Location
Customer Service Representative Training (including Call Center, Sales Process, Check-In, etc.)	13 hours	7 hours	Your Repair Center and Online
Totals	13 hours	7 hours	

Column 1	Column 2	Column 3	Column 4
Subject	Hours of Classroom Training⁽¹⁾	Hours of On-the-Job Training⁽²⁾	Location
Pre-Op Manager Training (including Workflow Process, CCC One Management System, Parts Procurement, etc.)	16 hours	10 hours	Your Repair Center and Online
Totals	16 hours	10 hours	

Footnotes:

- (1) We provide most, if not all, of the “Classroom Training” listed in the above tables through online instructional modules contained in our “Learning Management System” or “LMS.” The

instructional modules cover a variety of operational topics, all of which are available to franchisees on an ongoing basis through the LMS.

- (2) Much of the “On-the-Job Training” listed in the above table consists of a trainee’s completion of “demonstration checklists,” in which the trainee completes a series of tasks at the Repair Center premises in the presence of a trainer or supervisor, to demonstrate the trainee’s knowledge of a given subject.

The training materials will include all parts of the Operations Playbook, the ABRA Team Member Handbook, Manager’s Safety Manual and various other written materials. The precise timing depends on the time it takes you to locate an approved site and sign an approved lease (if applicable); the training program schedule; obtaining financing and insurance; and installation of the required business management system. John Gaulin oversees all training programs and materials. He has over 22 years of experience in the auto collision industry, 12 years of which includes operational management and training experience. Mr. Gaulin has been our and Our Predecessor’s Process Specialist and Trainer for the last 10 years. Other Abra employees who have experience and expertise in the subjects to be taught may participate in training, as we deem appropriate.

We also will periodically provide additional training programs (*e.g.*, Bumper Repair Training Session) when we consider it beneficial to franchisees. Although we expect many of these programs to be optional for franchisees, we may require that you and your Repair Center manager attend, at a minimum: (i) the annual ABRA convention (at a location we determine); and (ii) up to 1 mandatory additional training program per year, which we may designate (conducted at the local, regional or national level). You will be required to pay our current fees (if any) for attending any mandatory conventions, refresher training or seminars. You are also required to pay all travel and living expenses, salaries and fringe benefits and any other related costs incurred by your attendees in connection with attendance at such conventions, refresher training and seminars and any mandatory training programs. The fees associated with these conventions, seminars and training programs will vary according to such factors as program content and length, required materials and location.

If you receive a default notice under the Franchise Agreement and the default relates, in whole or in part, to your failure to meet any operational standards, we have the right to require as a condition of curing the default that you and/or your Repair Center manager(s) re-attend and successfully complete any of the training programs or courses described above at your expense (including payment of our then-current training fees).

Operations Playbook. Included in this disclosure document as Exhibit C is the table of contents for Abra’s confidential Operations Playbook. As of the date of this disclosure document, the Operations Playbook consists of 72 total pages. Each section of the Operations Playbook will generally be provided as a separate electronic page, or series of pages, that may vary in size and number depending on the settings you select on your computer.

Item 12

TERRITORY

You will receive a “Protected Area” surrounding the location of the Repair Center. Abra will not establish another franchised or company-owned Abra® Repair Center in your Protected Area. The Protected Area will be a one-mile radius surrounding the Repair Center site. Abra and its affiliates have the right to issue competing franchises or to directly or indirectly develop and operate competing company-owned and affiliate-owned businesses under trademarks and service marks other than the Marks at any

locations, as determined by Abra or any of its affiliates, inside or outside of your Protected Area. Further, Abra and its affiliates have the right both within and outside your Protected Area to distribute products or services through alternative channels of distribution (including the Internet or any other existing or future form of electronic commerce) under the Marks, or under any other trademarks, service marks, trade names and commercial symbols.

Abra also has the right to put some limitations on national or market-wide DRPs that Abra may develop for the Abra® system. A national or market-wide DRP is a repair program designed to meet the needs of customers that have locations close to more than 1 Abra® Repair Center. For example, Abra may develop DRPs designed to meet the needs of insurance companies. You do not need to achieve a certain sales volume or market penetration to retain the Protected Area under the Franchise Agreement. You may relocate the Repair Center only with Abra's written consent, which Abra will not unreasonably withhold.

If you enter into a Development Agreement, you will receive an "Exclusive Development Territory" under which you will have certain exclusive rights to develop more than 1 Repair Center. The Exclusive Development Territory is not necessarily the same area as your Protected Area under the Franchise Agreement. The Exclusive Development Territory will vary in size, depending on the number of Repair Centers you intend to open, the population density and the demographics in the area in which you desire to operate. Abra will not establish another franchised or company-owned Abra® Repair Center in the Exclusive Development Territory so long as you meet the minimum development schedule and comply with all other provisions described in the Development Agreement and you otherwise comply with the provisions of each related Franchise Agreement. As described above, however, Abra has certain limited rights under the Franchise Agreement to distribute products using the Marks, including the "ABRA" service mark or other trademarks in the Exclusive Development Territory.

You may advertise outside your Protected Area and may serve customers from outside your Protected Area. Likewise, Abra, its affiliates, and other Abra® franchisees may advertise within your Protected Area and may serve customers who reside within your Protected Area without compensation to you.

Abra generally will not grant to you any options, rights of first refusal or similar rights to acquire additional franchises within a particular area. Because of the rights we reserve in your Protected Area, you will not receive an exclusive territory for your franchise. You may face competition from other franchisees, from repair centers that we own, or from other channels of distribution or competitive brands that we control.

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. Because they are separate companies, we do not expect any conflicts between our franchisees and our affiliates' franchisees regarding territory, customers and support, and we have no obligation to resolve any perceived conflicts that might arise.

Item 13

TRADEMARKS

Abra grants you the license to operate a Repair Center under the Marks, including the federally registered “ABRA” service mark. You do not receive any rights under any Development Agreement to use the Marks. Those rights are granted under the Franchise Agreement. As noted in Item 1, we became the owner of these Marks in October 2019.

The following schedule lists only the principal Marks that you are licensed to use. We or Our Predecessor or its affiliates have filed all required affidavits and renewals.

Trademark, Service Mark or Design	U.S. Reg. or App. Ser. No.	Principal/ Supplemental Register	Date of Registration/ Application	Status
ABRA	2,677,946	Principal	1/21/2003	Registered
ABRA (Stylized)	5,482,722	Principal	5/29/2018	Registered
ABRA AUTO BODY REPAIR OF AMERICA	5,729,136	Principal	4/16/2019	Registered
RIGHT THE FIRST TIME, ON TIME.	4,108,932	Principal	3/6/2012	Registered

Your use of the Marks and any goodwill is to Abra’s exclusive benefit and you retain no rights in the Marks. You retain no rights in the Marks when the Franchise Agreement expires. You may make changes or substitutions to the use of the Marks only if Abra directs you to do so.

There are no currently effective determinations of the Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, or any pending infringement, opposition or cancellation proceeding, or any pending material litigation, involving any Marks that are relevant to Abra® operations in this state. There are currently no agreements in effect that significantly limit Abra’s rights to use or license the use of any Marks listed in this Item 13 in any manner material to the franchise. Abra is unaware of any superior rights or infringing uses which could materially affect your use of the Marks.

Federal trademark registration gives Abra certain rights in certain geographic areas to the use of the mark “ABRA,” dating back to the date of application, May 8, 1985, as against any subsequent user or applicant in Abra’s class (i.e., auto body repair, maintenance, refinishing and painting services). Abra may not have the ability, however, to inhibit the use of any similar service mark or trademark first used by another prior to May 8, 1985. If others have established rights to the “ABRA” service mark in certain geographic areas, Abra may be restricted in its ability to use the Marks in those areas.

Abra is not required to protect you against infringement or unfair competition claims arising out of your use of the Marks, or to participate in your defense or indemnify you. Abra reserves the right to control any trademark litigation and will take the action Abra believes appropriate if a third party infringes Abra’s Marks. You must notify Abra promptly if you become aware of any infringement or unauthorized use of the Marks and cooperate with any action that Abra takes. If any party claims that its rights to use any of the Marks are superior and Abra confirms that claim, you must, at your expense, immediately make the changes and use the substitutions to the Marks as Abra requires.

Item 14

PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

There are no patents or copyrights currently registered which are material to the “Abra” franchise offered, although Abra does claim copyright protection for the Franchise Agreement, the Operations Playbook (and any other intranet content, as applicable), the Site Guidelines and various sales promotional and other materials periodically published.

Abra does not contract with individual franchisees to protect the copyrights, to protect individual franchisees against infringement or unfair competition claims arising out of the franchisee’s use of the copyrights, or to participate in the franchisee’s defense or indemnify the franchisee. Abra reserves the right to control any copyright litigation and will be the sole judge as to whether any suit will be brought or settled when any person or entity infringes Abra’s copyrights.

You must keep confidential during and after the term of the Franchise Agreement all information, knowledge and know-how, including the Site Guidelines, the Operations Playbook (and the intranet), any other manuals created for use in the operation of the Repair Center, methods, supplier lists, procedures, specifications, techniques, computer programs, and other data and information generated by, or used or developed in, operating the Repair Center, including Customer Data, and any other information contained periodically in the Network Computer System or that visitors (including you) provide to the Abra website. You must not duplicate or provide any of this information to any party other than, during the term of the Franchise Agreement, those of your employees who need to know that information. When the Franchise Agreement terminates, you must return to Abra all hard copies of the Operations Playbook (if any), the Site Guidelines and all other material Abra has created and provided to you, and discontinue access to Abra’s intranet.

You must comply with our standards, our other directions, all applicable Payment Card Industry (“PCI”) data security standards, and all applicable laws and regulations in connection with the Repair Center and any Customer Data stored on the Network Computer System. You also must employ reasonable means to safeguard the confidentiality and security of Customer Data. “Customer Data” means the names, contact information, financial information, customer vehicle information and service history, and other personal information of or relating to the Repair Center’s customers and prospective customers. You must comply with all laws and regulations related to privacy and data protection and breach response policies Abra may periodically establish. You must notify us immediately after becoming aware of any actual or suspected breach involving Customer Data (a “Data Security Incident”) at or in connection with the Repair Center. You must comply with our instructions in responding to any Data Security Incident. We (and our designated affiliates) have the right, but no obligation, to control the direction and handling of any Data Security Incident and any related investigation, litigation, administrative proceeding or other proceeding at your expense.

During and after the Franchise Agreement’s term, we and our affiliates may make all disclosures and use the Customer Data in our and their business activities and in any manner that we or they deem necessary or appropriate. You must secure from your vendors, customers, prospective customers and others all consents and authorizations, and provide them all disclosures, that applicable law requires to transmit the Customer Data to us and our affiliates and for us and our affiliates to use that Customer Data in the manner that the Franchise Agreement contemplates.

Item 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED BUSINESS

You must personally manage and operate the Repair Center unless you receive Abra's prior written consent to delegate your authority to a Repair Center Manager. Abra recommends, but does not require, that the Repair Center Manager own an interest in the franchisee entity. You and your Repair Center Manager (if you have one) must attend and complete the training courses described in Item 11.

Each individual who owns a 10% or greater interest in the franchisee entity is considered a principal owner and must sign the Personal Guaranty attached to the Franchise Agreement. These people agree to discharge all obligations of the franchisee under the Franchise Agreement and are bound by all its provisions, including maintaining the confidentiality of proprietary information described in Item 14 and complying with the noncompete covenants described in Item 17.

Item 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer and sell only those goods and services that Abra has approved. You also must offer all goods and services that Abra designates as required for all franchisees. Abra may, in its judgment, add new goods and services, based upon its evaluation of various factors, including customer demand, the geographic location of your Repair Center and any other factor which Abra considers important to the operation of your Repair Center. Abra's right to modify the approved list of goods and services to be offered at an Abra® Repair Center is unlimited.

Under the Service Level Agreement, you will provide and honor a limited lifetime nationwide warranty of your and other Abra 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)

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Item 17

RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

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

THE FRANCHISE RELATIONSHIP

Provision		Section in Agreement	Summary
a.	Length of franchise term	Section 2(A) of Franchise Agreement, Section 6 of Development Agreement, and Section 2.1 of Service Level Agreement	Franchise Agreement: 10 years. Development Agreement: Will vary from 1 to 5 years, depending on the development schedule agreed to by the parties. 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.
b.	Renewal or extension of the term	Section 2(B) of Franchise Agreement	If you are in good standing, you can renew the Franchise Agreement for 1 additional 10-year term.
c.	Requirements for you to renew or extend	Section 2(B) of Franchise Agreement	Provide advance notice, be in compliance with your Franchise Agreement, remodel Repair Center premises, meet then-current qualification and training requirements, pay renewal fee, sign new agreement, which may contain materially different terms and conditions than your original Franchise Agreement (except that you will pay a Renewal Fee in lieu of an Initial Franchise Fee, and your Continuing Fee under the renewal agreement will be the same as under the Franchise Agreement that is scheduled to expire), and secure extension of lease.

Provision		Section in Agreement	Summary
d.	Termination by you	Section 14 of Franchise Agreement, Section 8(B) of Site Selection Agreement and Section 7(A) of Development Agreement	Franchise Agreement: If you are complying with the Franchise Agreement, you may terminate the Franchise Agreement upon Abra's failure to cure a material default within 30 days of receiving written notice of the default. Site Selection Agreement: You may terminate the Site Selection Agreement for any reason (upon written notice to Abra) at any time before you sign a lease or purchase agreement for the Repair Center site. Development Agreement: With or without cause upon written notice to Abra.
e.	Termination by Abra without cause	Not applicable to Franchise Agreement and Development Agreement Section 8(C) of Site Selection Agreement	During first 6 months, Abra may terminate the Site Selection Agreement at any time prior to your execution of lease or site purchase agreement. If you have not entered into acceptable lease or site purchase agreement by the end of the first 6 months, Abra may terminate the Agreement at any time.
f.	Termination by Abra with cause	Sections 13(A) and (B) of Franchise Agreement, Sections 7(A) and (B) of Development Agreement, and Sections 2.3 – 2.6 of Service Level Agreement	Abra can terminate the Franchise Agreement, the Development Agreement, or the Service Level Agreement, as applicable, only if you default.

Provision		Section in Agreement	Summary
g.	“Cause” defined – curable defaults	Sections 13(A) and (B) of Franchise Agreement, Sections 7(A) and (B) of Development Agreement, and Section 2.3 of Service Level Agreement	Franchise Agreement: You have 30 days from date of notice of breach to cure: the failure to open the Repair Center within 9 months after you sign the Franchise Agreement, a violation of any material provision of the Franchise Agreement (including failure to abide by Abra’s standards and requirements in operating the Repair Center, or non-payment of amounts owed to Abra), an assignment of assets to creditors, and the expiration or termination of the Repair Center’s lease. Development Agreement: 30 days from date of notice of breach to cure the failure to meet the minimum development schedule, and your violation of any material provision of the Development Agreement, any franchise agreement or site selection agreement. 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.

Provision		Section in Agreement	Summary
h.	“Cause” defined – non-curable	Sections 13(A) and (B) of Franchise Agreement, Sections 7(A) and (B) of Development Agreement, and Sections 2.4 and 2.5 of Service Level Agreement	Franchise Agreement: Repeated defaults even if cured, defaults which by their nature cannot be cured, repeated deception of Repair Center customers, conviction of felony or violation of a statute which harms the Repair Center’s reputation, insolvency, abandonment of the Repair Center, failure to comply with the requirements of any CMIP, defaults which impair the goodwill associated with Abra’s Marks and intentionally falsifying any information provided to Abra. Development Agreement: Bankruptcy, insolvency, conviction of an offense related to your operation of the Repair Center, any attempt to subfranchise, repeated defaults even if cured, and any breach which, due to its nature, cannot be cured. 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 Agreement	Summary
i.	Your obligations on termination/non-renewal	Sections 15(A) and (B) of the Franchise Agreement, Section 9(A) of Site Selection Agreement and Section 7(C) of Development Agreement	Franchise Agreement: Pay all amounts due, cease use of Marks and proprietary and promotional materials furnished by Abra, return manuals, software, and other materials to Abra, assign telephone numbers to Abra, cease holding yourself out as an Abra franchisee, comply with confidentiality, noncompetition, and other post-term obligations, assign remaining leasehold interest to Abra or its designee, discontinue use of Business System, redecorate the Repair Center premises, remove franchise signs and fixtures (also see r., below). Site Selection Agreement: Return Site Guidelines to Abra and not divulge any information you received from Abra. Development Agreement: All of your rights will revert to Abra.
j.	Assignment of contract by Abra	Section 12(A) of Franchise Agreement and Section 10(B) of Site Selection Agreement	Abra can assign and transfer the Franchise Agreement, including any pledge or grant of security interest. Assignee must fulfill Abra's Franchise Agreement and Site Selection Agreement obligations.
k.	"Transfer" by you - definition	Sections 12(B) and (C) of Franchise Agreement, Section 10(A) of Site Selection Agreement, Section 8 of Development Agreement, and Section 2.5 of Service Level Agreement	Franchise Agreement: Includes any transfer of your business, the Repair Center, substantially all of the assets of your business, the Franchise Agreement, or any controlling interest in you. Site Selection Agreement: Includes any transfer of your interest in the Site Selection Agreement. Development Agreement: Includes any attempt to sell, pledge or transfer your interest in the Development Agreement. Service Level Agreement: Sale of all or substantially all of the assets of the Repair Center 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 Agreement	Summary
1.	Abra's approval of transfer by franchisee	Section 12(C) of Franchise Agreement, Section 8 of Development Agreement, and Section 2.5 of Service Level Agreement	Abra has the right to approve all transfers of the Franchise Agreement and the Development Agreement, but will not unreasonably withhold approval. Under the Franchise Agreement, Abra 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 Competitive Business (defined in q. below). If you terminate or attempt to terminate the Franchise Agreement to engage in a transfer that violates the preceding sentence, Abra will be entitled to injunctive relief prohibiting the transfer, which transfer will be void. Under the Service Level Agreement, you must obtain our prior written consent with respect to transfers.

Provision		Section in Agreement	Summary
m.	Conditions for Abra's approval of transfer	Sections 12(B) and (C) of Franchise Agreement and Section 8 of Development Agreement	Transfer of Franchise Agreement to corporation or other entity you own or control: You and your shareholders or owners sign a Personal Guaranty, you provide proof that corporation or entity can financially perform the Franchise Agreement and give Abra 15 days' written notice. Other transfers of Franchise Agreement: you must provide any prospective party to a transfer a copy of the Franchise Agreement before entering into any negotiations relating to the transfer, new franchisee must have similar qualifications to you, must qualify and complete training, new franchisee must not be involved in a competitive business, you must pay transfer fee, you must pay all amounts owed to Abra and be in good standing, new franchisee assumes existing Franchise Agreement or (at Abra's option) signs then-current franchise agreement, and you must sign a general release (if state law allows) and agree to observe all post-termination obligations under Franchise Agreement (also see r., below). Transfer of Development Agreement: New franchisee must qualify and complete training, new franchisee must not be involved in a competitive business, you must pay transfer fee, you must pay all amounts owed to Abra and be in good standing, and you must assign all interest in all franchise agreements to new franchisee.
n.	Abra's right of first refusal to acquire your business	Section 11 of Franchise Agreement	You may not transfer your business, the Repair Center, the material assets of your business, or the Franchise Agreement to any third party without first offering the same to Abra in writing at the same price and on the same terms as stated in the proposed third-party offer. Abra may accept the offer within 90 days after receipt of all required information. Abra may assign its right of first refusal.

Provision		Section in Agreement	Summary
o.	Abra's option to purchase your business	Section 15(C) of Franchise Agreement	Abra has the option, exercisable within 90 days after your Franchise Agreement terminates or expires, to inform you that it intends to purchase (or designate a third party that will purchase) all or part of the Repair Center assets (including any leasehold or real property interest) at fair market value, excluding goodwill. If the parties are unable to agree on the fair market value, the purchase price will be determined by an independent appraiser selected by Abra. Abra may assign its purchase option.
p.	Your death or disability	Sections 11(B) and 12(C) and (D) of Franchise Agreement	Your representative must, within 90 days, transfer your interest in the business to a third party approved by Abra. If assignee is your spouse or child, no transfer fee is required. If you are a corporation or other entity, your shareholders or owners can transfer their ownership interests, upon death or permanent disability, to other shareholders or owners without offering Abra a right of first refusal.
q.	Non-competition covenants during the term of the franchise	Section 16(A) of Franchise Agreement	You cannot divert any business or customers to one of Abra's competitors, harm Abra's Marks, or be directly or indirectly involved in any other business that offers auto body repair and refinishing services (a "Competitive Business"), except that the following will not be deemed a Competitive Business: (a) a business you conduct pursuant to a franchise granted by Abra to you; or (b) any other automotive business franchised by Driven Brands Holdings or its subsidiaries.
r.	Non-competition covenants after the franchise is terminated or expires	Section 16(B) of Franchise Agreement	You cannot, for 1 year following termination or expiration, divert any business or customers to one of Abra's competitors, harm Abra's Marks, or be involved in any Competitive Business at your location or within 10 miles of your Repair Center or any other Abra® Repair Center.

Provision		Section in Agreement	Summary
s.	Modification of the agreement	Sections 3(B), 6(F) and 18(A) and (F) of Franchise Agreement, Section 13(A) of Site Selection Agreement, Section 10 of Development Agreement, and Section 3.0 of Service Level Agreement	Franchise Agreement: No modifications generally, but Operations Playbook, list of authorized Marks and required goods subject to change. Development Agreement: No modification of Development Agreement unless Abra and you agree in writing to do so. 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	Section 18(F) of Franchise Agreement and Section 10 of Development Agreement	Only the terms of the Franchise Agreement, the Development Agreement (and written exhibits to them) are binding, subject to applicable law. Any other promises may not be enforceable. However, the integration/merger clauses of these agreements do not disclaim representations made by Abra in this disclosure document.
u.	Dispute resolution by arbitration or mediation	Section 17 of Franchise Agreement and Section 9 of Development Agreement	Except for certain claims, all disputes subject to arbitration in Charlotte, North Carolina (subject to state law).
v.	Choice of forum	Section 17(D) of Franchise Agreement	Subject to arbitration obligations, litigation under the Franchise Agreement is in state or federal court of general jurisdiction in the state, and in (or closest to) the city, where we maintain our principal business address at the time that the action is brought (currently Charlotte, North Carolina) (subject to state law).
w.	Choice of law	Section 18(D) of Franchise Agreement, Section 12 of Site Selection Agreement and Section 9 of Development Agreement	North Carolina law applies (subject to state law).

Item 18

PUBLIC FIGURES

Abra does not use any public figure to promote its 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 may be included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

We do not make any representations about a franchisee's future financial performance or the past financial performance of affiliate-owned or franchised outlets. We also do not authorize our employees 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 projection of your future income from us or one of our employees, 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

Table No. 1

Systemwide Outlet Summary* For years 2019 to 2021

Column 1	Column 2	Column 3	Column 4	Column 5
Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2019	59	55	-4
	2020	55	57	+2
	2021	57	63	+6
Company-Owned	2019	345	0	-345
	2020	0	0	0
	2021	0	0	0
Total Outlets	2019	404	55	-349
	2020	55	57	+2
	2021	57	63	+6

* Driven Brands did not acquire the Abra company-owned locations when it purchased Our Predecessor in September 2019. These continue to be owned by affiliates of Wand. Affiliates of Wand converted these locations to the Caliber brand during a 6-month transition period following Driven Brands' acquisition. The numbers in this and other tables in Item 20 other than those that project new Abra® Repair Center openings reflect the business of Our Predecessor during the applicable periods of time. Our Predecessor does not currently own any Abra® Repair Centers. All 2021, 2020, and 2019 figures in the

tables are as of our fiscal year ends of December 25, 2021, December 26, 2020, and December 28, 2019, respectively.

Table No. 2

**Transfers of Outlets From Franchisee to New Owners
(Other than the Franchisor)
For years 2019 to 2021**

Column 1	Column 2	Column 3
State	Year	Number of Transfers
Washington	2019	0
	2020	0
	2021	1
Wisconsin	2019	0
	2020	0
	2021	1
Total	2019	0
	2020	0
	2021	2

Table No. 3

**Status of Franchised Outlets
For years 2019 to 2021**

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9
State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
Arizona	2019	1	0	0	0	0	0	1
	2020	1	0	1	0	0	0	0
	2021	0	0	0	0	0	0	0
Colorado	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	1	0	0	0	0	3
Georgia	2019	0	0	0	0	0	0	0
	2020	0	2	0	0	0	0	2
	2021	2	0	0	0	0	0	2
Idaho	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Illinois	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9
State	Year	Outlets at Start of the Year	Outlets Opened	Termi- nations	Non- Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
Indiana	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Iowa	2019	7	0	0	0	0	0	7
	2020	7	0	0	0	0	0	7
	2021	7	1	0	0	0	0	8
Michigan	2019	3	0	0	0	0	0	3
	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
Minnesota	2019	15	0	0	0	0	0	15
	2020	15	0	0	0	0	0	15
	2021	15	1	0	0	0	0	16
Montana	2019	0	0	0	0	0	0	0
	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Nebraska	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
North Carolina	2019	5	0	0	0	0	4	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
North Dakota	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	1	0	0	0	0	3
South Carolina	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
South Dakota	2019	6	0	0	0	0	0	6
	2020	6	0	0	0	0	0	6
	2021	6	2	0	0	0	0	8
Tennessee	2019	5	0	0	0	0	0	5
	2020	5	0	0	0	0	0	5
	2021	5	0	0	0	0	0	5
Washington	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
Wisconsin	2019	6	0	0	0	0	0	6
	2020	6	0	0	0	0	0	6
	2021	6	0	0	0	0	0	6

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9
State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
Total	2019	59	0	0	0	0	4	55
	2020	55	3	1	0	0	0	57
	2021	57	6	0	0	0	0	63

Table No. 4

**Status of Company-Owned Outlets
For years 2019 to 2021**

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8
State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
California	2019	38	0	0	38	0	0
	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
Colorado	2019	24	0	0	24	0	0
	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
Delaware	2019	3	0	0	3	0	0
	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
Georgia	2019	22	0	0	22	0	0
	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
Idaho	2019	4	0	0	4	0	0
	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
Illinois	2019	40	0	0	40	0	0
	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
Indiana	2019	20	0	0	20	0	0
	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
Kentucky	2019	1	0	0	1	0	0
	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
Maryland	2019	5	0	0	5	0	0
	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8
State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Minnesota	2019	26	0	0	26	0	0
	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
Mississippi	2019	2	0	0	2	0	0
	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
Missouri	2019	6	0	0	6	0	0
	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
New Jersey	2019	12	0	0	12	0	0
	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
North Carolina	2019	17	0	0	17	0	0
	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
Ohio	2019	17	0	0	17	0	0
	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
Oregon	2019	15	0	0	15	0	0
	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
Pennsylvania	2019	17	0	0	17	0	0
	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
Tennessee	2019	21	0	0	21	0	0
	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
Utah	2019	11	0	0	11	0	0
	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
Washington	2019	31	0	0	31	0	0
	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
Wisconsin	2019	13	0	0	13	0	0
	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
Total	2019	345	0	0	345	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

Column 1	Column 2	Column 3	Column 4
State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlet in the Next Fiscal Year	Projected New Company-Owned Outlet in the Next Fiscal Year
Minnesota	0	1	0
Illinois	0	1	0
South Dakota	0	2	0
Total	0	4	0

The names, addresses and telephone numbers of all Abra franchisees as of December 25, 2021, are listed in Exhibit A.

A list containing the names and last known addresses and telephone numbers of all Abra franchisees (if any) that have had a Repair Center 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 failed to communicate with Abra within 10 weeks of the disclosure document issuance date is attached as Exhibit B.

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

In certain instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with the Abra 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.

There are no trademark-specific franchisee organizations associated with the Abra® system.

Item 21**FINANCIAL STATEMENTS**

Attached as Exhibit D 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 Abra. A copy of the guaranty of Driven Systems also is included in Exhibit D.

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 D 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 or Development Agreement we sign with franchisees nor does it guarantee our obligations under the Franchise Agreement or Development 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 Abra, have guaranteed the indebtedness incurred in connection with each of these transactions. See the Footnotes to the financial statements in Exhibit D for more information about these transactions.

Item 22

CONTRACTS

The Abra® Franchise Agreement, Site Selection Agreement, Personal Guaranty, Conversion Addendum, Assignment of Telephone Numbers, Consolidated Supply Program Amendment, and Acknowledgment Addendum are attached to this disclosure document as Exhibit E. The Abra® Multiple Repair Center Development Agreement is attached to this disclosure document as Exhibit F. The Electronic Transfer of Funds Authorization is attached to this disclosure document as Exhibit G. The Riders to the Abra® Franchise Agreement are attached to this disclosure document as Exhibit I. The Form of Service Level Agreement is attached to this disclosure document as Exhibit J.

Item 23

RECEIPTS

Exhibit K of this disclosure document contains detachable acknowledgments of receipt. You should keep one copy as your file copy and return the second copy to us.

EXHIBIT A

List of Abra® Repair Centers

LIST OF ABRA REPAIR CENTERS

Repair Center Name	Franchisee Name	Repair Center Address	Repair Center City	Repair Center State	Repair Center Zip Code	Repair Center Phone #
Colorado						
Abra Durango	Durango Motor	1200 Carbon Junction	Durango	CO	81301	970-247-1212
Abra Ft. Collins	ABS-Cooper, Inc.	2520 Co Road 54G	Fort Collins	CO	80524	970-482-9927
Abra Greeley	ABS - WCG, Inc.	2835 S. 31st Avenue	Greeley	CO	80631	970-352-1313
Georgia						
Abra Gwinnett	KFACC, LLC	2586 Satellite Boulevard	Duluth	GA	30096	678-924-4150
Abra Woodstock, GA	Cherokee Ford, Inc.	195 Woodstock Parkway	Woodstock	GA	30188	678-841-6981
Idaho						
Abra Post Falls	Knudtsen Chevrolet Co	1900 E. Polston Avenue	Post Falls	ID	83877	208-664-8107
Illinois						
Abra Sterling	Schreiber Automotive Group, LLC	1818 North Locust Street	Sterling	IL	61081	815-625-2700
Indiana						
Abra Kokomo	H. E. McGonigal Inc.	1220 East Boulevard	Kokomo	IN	46902	765-452-1545
Iowa						
Abra Dubuque	Anderson/Weber Toyota, Inc.	3400 Center Grove Drive	Dubuque	IA	52003	319-556-3281
Abra Fort Dodge	Fort Dodge Ford, Lincoln, Inc.	2723 - 5th Avenue S.	Fort Dodge	IA	50501	515-576-7505
Abra Fort Madison	Jim Baier Inc.	5601 Avenue O	Fort Madison	IA	52627	319-470-4444
Abra Hiawatha	Junge Auto Body LLC	770 Boyson Road	Hiawatha	IA	52233	319-378-0441
Abra Iowa City	Dreusicke Holdings Inc.	1420 Willow Creek Court	Iowa City	IA	52246	319-354-4554
Abra Muscatine	Weber Auto Inc.	3000 Highway 38 North	Muscatine	IA	52761	319-556-3281
Abra North Liberty	Junge Auto Body NL LLC	505 Madison Avenue	North Liberty	IA	52317	319-626-6600
Abra Sioux City	Sioux City Motor Company	2001 East 6th Street	Sioux City	IA	51106	712-277-8420
Michigan						
Abra Sparta	Extreme Auto Customs Inc.	485 Apple Jack Court	Grand Rapids	MI	49508	817-932-8865
Abra Holland	Chrispell Auto Body Repair Inc.	711 East Lakewood Boulevard	Holland	MI	49424	616-396-2214
Abra Grand Rapids	Extreme Auto Customs Inc.	3145 29 th Street Southeast	Kentwood	MI	49512	616-452-2229

LIST OF ABRA REPAIR CENTERS

Repair Center Name	Franchisee Name	Repair Center Address	Repair Center City	Repair Center State	Repair Center Zip Code	Repair Center Phone #
Minnesota						
Abra Brainerd	DNA Body Shop Inc.	15910 Edgewood Drive	Baxter	MN	56425	218-825-8046
Abra Chanhassen	Lius Technologies Inc.	60 Lake Drive, P.O. Box 728	Chanhassen	MN	55317	952-240-4475
Abra Duluth	DeBoer Automotive Services Inc.	109 East Central Entrance	Duluth	MN	55811	218-786-9831
Abra Elk River	KLST, Inc.	11175 183rd Circle N.W.	Elk River	MN	55330	763-241-9500
Abra Faribault	Harry Brown's, Inc. & Faribault Chrysler	1850 South Grant Street	Fairbault	MN	55021	507-333-1235
Abra Fergus Falls	Nelson Auto Center Inc.	2228 College Way	Fergus Falls	MN	56537	218-998-2885
Abra Mankato	Jerry's Body Shop Inc.	1671 E. Madison Avenue	Mankato	MN	56001	507-388-4895
Abra Marshall	Lockwood Motors Inc.	1608 East College Drive	Marshall	MN	56258	507-532-3285
Abra Princeton	KLST of Princeton, Inc.	32018 125th Street NW	Princeton	MN	55371	763-633-2272
Abra Red Wing	TAK of Rochester Inc.	4902 Mounds View Drive	Red Wing	MN	55066	651-385-0072
Abra Rochester	Tom Kadlec Pontiac Honda	444 37th Street NE	Rochester	MN	55906	507-288-2272
Abra Cloquet	DeBoer Automotive Services Inc.	3206 Rivergate Avenue	Scanlon	MN	55720	218-786-9831
Abra St. Cloud	KLST of St. Cloud, Inc.	41 Division Street	Waite Park	MN	56387	320-253-4166
Abra Winona	Dahl Collision, LLC	1111 West Service Drive	Winona	MN	55987	507-961-1560
Abra Woodbury	Cabin Resources LLC	8230 Hudson Road	Woodbury	MN	55125	651-738-2272
Abra Worthington	Marthaler Automotive of Worthington, Inc.	1035 Oxford Street	Worthington	MN	56187	507-295-0893
Montana						
Abra Billings, MT	Frontier Chevrolet Co.	3000 King Avenue West	Billings	MT	59102	406-896-3000
Nebraska						
Abra Omaha	Ryan Collision Center Inc.	8001 F Street	Omaha	NE	68127	402-592-3344
North Carolina						
Abra Asheville	Asheville Ford LLC	24 Interstate Boulevard	Asheville	NC	28806	770-649-5124
North Dakota						
Abra Bismarck	Buller Automotive Inc.	1901 E. Bismarck Expressway	Bismarck	ND	58504	701-255-2272
Abra Grand Forks	Hansen Ford Lincoln Mercury, Inc.	2151 32nd Avenue S.	Grand Forks	ND	58201	701-746-6411

LIST OF ABRA REPAIR CENTERS

Repair Center Name	Franchisee Name	Repair Center Address	Repair Center City	Repair Center State	Repair Center Zip Code	Repair Center Phone #
Abra Mandan	Buller Automotive, Inc.	3729 Memorial Highway	Mandan	ND	58554	701-663-0144
South Carolina						
Abra Anderson	Anderson Ford - Mazda LLC	3900 Clemson Boulevard	Anderson	SC	29621	864-225-4151
South Dakota						
Abra Aberdeen	Aberdeen Chrysler Center Inc.	601 Auto Plaza Drive	Aberdeen	SD	57401	605-225-5611
Abra Brookings	LS Holdings, Inc.	305 5 th Street S.	Brookings	SD	57006	605-692-6686
Abra Mitchell-SD	LSM, LLC	715 South Main Street	Mitchell	SD	57301	605-996-1884
Abra Rapid City	McKie Ford Lincoln, Inc.	350 N. LaCrosse Street	Rapid City	SD	57701	605-348-1400
Abra Sioux Falls North	Sioux Falls Ford Inc.	201 South Carolyn Avenue	Sioux Falls	SD	57107	605-506-1075
Abra Sioux Falls South	Saturn of Sioux Falls Inc.	2601 S. Carolyn Avenue	Sioux Falls	SD	57106	605-506-1076
Abra Watertown	Sharp Chevrolet-Pontiac-Cadillac, Inc.	1320 9 th Avenue S.W.	Watertown	SD	57201	605-886-8081
Abra Yankton	Northtown, Inc.	3818 Broadway	Yankton	SD	57078	605-665-7432
Tennessee						
Abra Chapman	Auto Body & Glass of Chapman, LLC	2109 Test Drive	Chattanooga	TN	37421	423-664-5790
Abra Chattanooga	Auto Body & Glass of Chattanooga, LLC	6009 International Drive	Chattanooga	TN	37421	423-510-0600
Abra Clarksville	Wyatt-Johnson Buick, Pontiac, GMC	855 Kraft Street	Clarksville	TN	37040	931-647-5512
Abra Cleveland	Auto Body & Glass of Cleveland, LLC	2709 S. Lee Highway	Cleveland	TN	37311	423-478-2700
Abra Hixson	Auto Body & Glass of Hixson, LLC	5520 Hixson Pike	Hixson	TN	37343	423-843-9950
Washington						
Abra Ellensburg	TM Morris, Inc.	641 West University Way	Ellensburg	WA	98926	509-925-5680
Abra Spokane	Eve K. Family Holding LLC	311 South Dishman Mica Road	Spokane Valley	WA	99206	509-534-5510
Wisconsin						
Abra Eau Claire	Eau Claire Automotive Group LLC	1004 Harlem Street	Altoona	WI	54720	715-833-7788
Abra Hudson	Hudson Ford, LLC	904 O'Keefe Road	Hudson	WI	54016	651-436-7000
Abra La Crosse	Dahl Automotive La Crosse Inc.	1 Copeland Avenue	La Crosse	WI	54603	608-791-6438
Abra New Lisbon	SNS Collision LLC	1005 Commerce Drive	New Lisbon	WI	53950	608-562-6200
Abra Wausau	Kocourek Auto Body, Inc.	2625 N. 20th Avenue	Wausau	WI	54401	715-298-3673

LIST OF ABRA REPAIR CENTERS

Repair Center Name	Franchisee Name	Repair Center Address	Repair Center City	Repair Center State	Repair Center Zip Code	Repair Center Phone #
Abra Wisconsin Rapids	Rapids Ford Lincoln Mercury LLC	4330 8th Street South, Suite 100	Wisconsin Rapids	WI	54494	715-422-0252

LIST OF ABRA REPAIR CENTERS

**LIST OF ABRA REPAIR CENTERS
(FRANCHISE AGREEMENT SIGNED BUT OUTLET NOT OPENED AS OF DECEMBER 25, 2021)**

None.

EXHIBIT B

List of Former Franchisees

LIST OF FORMER FRANCHISEES

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

Franchisee Name	City	State	Zip Code	Phone #
Washington				
TNT Productions, Inc.*	Ellensburg	WA	98926	509-925-5680
Wisconsin				
Markylmn, LLC*	New Lisbon	WI	53950	608-562-6200

* Denotes transfer; Franchisee and Abra® Repair Center remain operating in the Abra® franchise system.

EXHIBIT C

Table of Contents of Operations Playbook

Driven Brands Collision Operations Playbook

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EXHIBIT D

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.

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.



Charlotte, North Carolina
May 23, 2022

DRIVEN SYSTEMS LLC AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

<i>(in thousands)</i>	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

	For the years ended	
	December 25, 2021	December 26, 2020
<i>(in thousands)</i>		
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	<u>\$ 132,930</u>	<u>\$ 86,285</u>

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

	For the years ended	
	December 25, 2021	December 26, 2020
<i>(in thousands)</i>		
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.

DRIVEN SYSTEMS LLC AND SUBSIDIARIES
NOTES TO 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.

DRIVEN SYSTEMS LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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.

DRIVEN SYSTEMS LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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.

DRIVEN SYSTEMS LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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:

<i>(in thousands)</i>	December 25, 2021		December 26, 2020	
	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

DRIVEN SYSTEMS LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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.

DRIVEN SYSTEMS LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 3 - Accounts and Notes Receivable, net

Accounts and notes receivable, net consisted of the following:

<i>(in thousands)</i>	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:

<i>(in thousands)</i>	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:

<i>(in thousands)</i>	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.

DRIVEN SYSTEMS LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

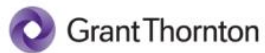
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation 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.



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

<i>(in thousands)</i>	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

	For the years ended	
	December 26, 2020	December 28, 2019
<i>(in thousands)</i>		
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	<u>\$ 86,285</u>	<u>\$ 73,958</u>

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	<u>475,753</u>
Net income	73,958
Other contributions	93
ABRA contribution	38,000
Deemed distribution to Parent	(85,081)
Balance as of December 28, 2019	<u>502,723</u>
Net income	86,285
FUSA contribution	34,317
Deemed distribution to Parent	(99,761)
Balance as of December 26, 2020	<u><u>\$ 523,564</u></u>

The accompanying notes are an integral part of these consolidated financial statements.

DRIVEN SYSTEMS LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the years ended	
	December 26, 2020	December 28, 2019
<i>(in thousands)</i>		
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.

DRIVEN SYSTEMS LLC AND SUBSIDIARIES
NOTES TO 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.

DRIVEN SYSTEMS LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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.

DRIVEN SYSTEMS LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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.

DRIVEN SYSTEMS LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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:

<i>(in thousands)</i>	December 26, 2020		December 28, 2019	
	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

DRIVEN SYSTEMS LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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.

DRIVEN SYSTEMS LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 3 - Accounts and Notes Receivable, net

Accounts and notes receivable, net consisted of the following:

<i>(in thousands)</i>	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:

<i>(in thousands)</i>	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:

<i>(in thousands)</i>	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.

DRIVEN SYSTEMS LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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)

<i>(in thousands)</i>	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)

<i>(in thousands)</i>	For the three months ended	
	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	<u>\$ 519,380</u>
Balance as of December 25, 2021	\$ 508,555
Net income	39,686
Deemed distribution to Parent	(40,534)
Balance as of March 26, 2022	<u>\$ 507,707</u>

DRIVEN SYSTEMS LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

<i>(in thousands)</i>	For the three months ended	
	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.

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.



Charlotte, North Carolina
April 29, 2022

DRIVEN BRANDS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

<i>(in thousands)</i>	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	<u>\$ 2,935,701</u>	<u>\$ 2,345,713</u>
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	<u>\$ 2,935,701</u>	<u>\$ 2,345,713</u>

The accompanying notes are an integral part of these consolidated financial statements.

DRIVEN BRANDS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

	Fiscal year ended	
	December 25, 2021	December 26, 2020
<i>(in thousands, except per share amounts)</i>		
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

	Fiscal year ended	
	December 25, 2021	December 26, 2020
<i>(in thousands)</i>		
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

<i>in thousands</i>	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

	Fiscal year ended	
	December 25, 2021	December 26, 2020
<i>(in thousands)</i>		
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.

DRIVEN BRANDS INC. AND SUBSIDIARIES
NOTES TO 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.

DRIVEN BRANDS INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

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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.

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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.

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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.

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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 has 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:

<i>(in thousands)</i>	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:

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<i>(in thousands)</i>	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	
<i>(in thousands)</i>	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).

<i>(in thousands)</i>	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

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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:

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<i>(in thousands)</i>	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:

<i>(in thousands)</i>	
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.

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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
	<u>22,662</u>
Liabilities:	
Prepaid liability	52
Liabilities assumed	52
Net assets acquired	<u>22,610</u>
Total consideration	<u>37,271</u>
Goodwill	<u>\$ 14,661</u>

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	<u>15,998</u>
Liabilities:	
Accrued liability	5
Lease liability	7,664
Off-market lease component	99
Liabilities assumed	<u>7,768</u>
Net assets acquired	<u>8,230</u>
Total consideration	<u>32,972</u>
Goodwill	<u>\$ 24,742</u>

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.

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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:

<i>(in thousands)</i>	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	<u>28,787</u>
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	<u>16,717</u>
Net assets acquired	12,070
Total consideration	31,460
Goodwill	<u><u>\$ 19,390</u></u>

A summary of total consideration for Fix Auto is as follows:

<i>(in thousands)</i>	
Cash	\$ 28,517
Fair value of contingent consideration	2,943
Total consideration	<u><u>\$ 31,460</u></u>

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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 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:

<i>(in thousands)</i>	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, 2021 and December 26, 2020, respectively.

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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:

<i>(in thousands)</i>	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	<u>\$ 898,539</u>
Acquisitions	39,403
Purchase price adjustments	(708)
Foreign exchange	903
Balance at December 25, 2021	<u><u>\$ 938,137</u></u>

Intangible assets for the years ended December 25, 2021 and December 26, 2020 are as follows:

<i>(in thousands)</i>	Amortizable						Indefinite - Lived	Total
	Franchise Agreements	License Agreements	Membership Agreements	Customer Relationships	Developed Technology	Other	Trademarks	
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	<u>\$ 174,097</u>	<u>\$ 8,953</u>	<u>\$ 8,330</u>	<u>\$ 50,788</u>	<u>\$ 6,803</u>	<u>\$ —</u>	<u>\$ 396,845</u>	<u>\$645,816</u>

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.

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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:

<i>(in thousands)</i>	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.

DRIVEN BRANDS INC. AND SUBSIDIARIES
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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.

DRIVEN BRANDS INC. AND SUBSIDIARIES
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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.

DRIVEN BRANDS INC. AND SUBSIDIARIES
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Scheduled debt repayments for the next five fiscal years and thereafter is as follows:

<i>(in thousands)</i>	
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

DRIVEN BRANDS INC. AND SUBSIDIARIES
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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:

<i>(in thousands)</i>	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	<u>\$ 335,836</u>	<u>\$ 316,020</u>
Current lease liabilities		
Finance leases ^(c)	\$ 2,209	\$ 1,497
Operating leases ^(d)	26,656	32,739
Total current lease liabilities	<u>\$ 28,865</u>	<u>\$ 34,236</u>
Long-term lease liabilities		
Finance leases ^(e)	\$ 22,336	\$ 12,104
Operating leases	295,897	280,081
Total long-term lease liabilities	<u>\$ 318,233</u>	<u>\$ 292,185</u>

(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.

DRIVEN BRANDS INC. AND SUBSIDIARIES
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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:

<i>(in thousands)</i>	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	<u>\$ 53,659</u>	<u>\$ 52,547</u>

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.

DRIVEN BRANDS INC. AND SUBSIDIARIES
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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:

<i>(in thousands)</i>	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:

<i>(in thousands)</i>	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:

<i>(in thousands)</i>	Year Ended 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

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Deferred tax assets (liabilities) are comprised of the following:

<i>(in thousands)</i>	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 deferred assets	294	410
Total deferred tax asset	<u>106,206</u>	<u>119,901</u>
Less valuation allowance	<u>(1,156)</u>	<u>(668)</u>
Net deferred tax asset	<u>105,050</u>	<u>119,233</u>
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	<u>241,057</u>	<u>239,675</u>
Net deferred liabilities	<u><u>\$ 136,007</u></u>	<u><u>\$ 120,442</u></u>

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.

DRIVEN BRANDS INC. AND SUBSIDIARIES
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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.

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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.

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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 fourth 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.

DRIVEN BRANDS INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

DRIVEN BRANDS INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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	<u>3,188,590</u>	<u>\$ 27.41</u>	<u>3,469,480</u>	<u>\$ 22.00</u>

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 ESPP. The ESPP and International ESPP 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.

DRIVEN BRANDS INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

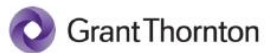
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation 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.

**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

<i>(in thousands)</i>	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	<u>\$ 2,345,713</u>	<u>\$ 1,876,237</u>
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	<u>\$ 2,345,713</u>	<u>\$ 1,876,237</u>

The accompanying notes are an integral part of these consolidated financial statements.

DRIVEN BRANDS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

	Fiscal year ended	
	December 26, 2020	December 28, 2019
<i>(in thousands, except per share amounts)</i>		
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

	Fiscal year ended	
	December 26, 2020	December 28, 2019
<i>(in thousands)</i>		
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

<i>in thousands</i>	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	<u>\$ 565</u>	<u>\$ 246,172</u>	<u>\$ 40,393</u>	<u>\$ 1,595</u>	<u>\$ 1,364</u>	<u>\$ 290,089</u>

The accompanying notes are an integral part of these consolidated financial statements.

DRIVEN BRANDS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Fiscal year ended	
	December 26, 2020	December 28, 2019
<i>(in thousands)</i>		
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.

DRIVEN BRANDS INC. AND SUBSIDIARIES
NOTES TO 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.

DRIVEN BRANDS INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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.

DRIVEN BRANDS INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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.

DRIVEN BRANDS INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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.

DRIVEN BRANDS INC. AND SUBSIDIARIES
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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.

DRIVEN BRANDS INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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 has 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:

<i>(in thousands)</i>	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.

DRIVEN BRANDS INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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:

(in thousands)	December 26, 2020		December 28, 2019	
	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.

DRIVEN BRANDS INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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.

DRIVEN BRANDS INC. AND SUBSIDIARIES
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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:

<i>(in thousands)</i>	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:

<i>(in thousands)</i>	
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.

DRIVEN BRANDS INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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:

<i>(in thousands)</i>	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	<u>28,787</u>
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	<u>16,717</u>
Net assets acquired	12,070
Total consideration	31,460
Goodwill	<u><u>\$ 19,390</u></u>

A summary of total consideration for Fix Auto is as follows:

<i>(in thousands)</i>	
Cash	\$ 28,517
Fair value of contingent consideration	2,943
Total consideration	<u><u>\$ 31,460</u></u>

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.

DRIVEN BRANDS INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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 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.

DRIVEN BRANDS INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

A summary of assets acquired and liabilities assumed during fiscal year 2019 are as follows:

<i>(in thousands)</i>	ATI	Clairus	ABRA Group	CARSTAR	Other Maintenance	Total Purchase Price Allocation for Acquisitions
<u>Assets acquired:</u>						
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
<u>Liabilities assumed:</u>						
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.

DRIVEN BRANDS INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 5 —Property and Equipment

Property and equipment at December 26, 2020 and December 28, 2019 consisted of the following:

<i>(in thousands)</i>	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:

<i>(in thousands)</i>	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

DRIVEN BRANDS INC. AND SUBSIDIARIES
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Intangible assets for the years ended December 26, 2020 and December 28, 2019 are as follows:

<i>(in thousands)</i>	Amortizable						Indefinite - Lived	Total
	Franchise Agreements	License Agreements	Membership Agreements	Customer Relationships	Developed Technology	Other	Trademarks	
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	<u>\$ 176,653</u>	<u>\$ 4,698</u>	<u>\$ 11,348</u>	<u>\$ 53,291</u>	<u>\$ 10,268</u>	<u>\$ 7,366</u>	<u>\$ 408,393</u>	<u>\$672,017</u>
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	<u>\$ 177,555</u>	<u>\$ 10,305</u>	<u>\$ 9,841</u>	<u>\$ 54,380</u>	<u>\$ 8,151</u>	<u>\$ —</u>	<u>\$ 396,561</u>	<u>\$656,793</u>

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:

<i>(in thousands)</i>	
2021	\$ 16,898
2022	16,898
2023	16,898
2024	16,898
2025	16,898
Thereafter	175,742
Total amortization	<u>\$ 260,232</u>

DRIVEN BRANDS INC. AND SUBSIDIARIES
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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:

<i>(in thousands)</i>	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.

DRIVEN BRANDS INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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.

DRIVEN BRANDS INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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:

<i>(in thousands)</i>	
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

DRIVEN BRANDS INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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.

DRIVEN BRANDS INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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:

<i>(in thousands)</i>	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	<u>\$ 316,020</u>	<u>\$ 324,471</u>
Current lease liabilities		
Finance leases ^(c)	\$ 1,497	\$ 404
Operating leases ^(d)	32,739	30,091
Total current lease liabilities	<u>\$ 34,236</u>	<u>\$ 30,495</u>
Long-term lease liabilities		
Finance leases ^(e)	\$ 12,104	\$ 5,184
Operating leases	280,081	294,040
Total long-term lease liabilities	<u>\$ 292,185</u>	<u>\$ 299,224</u>

(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:

<i>(in thousands)</i>	
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	<u>\$ 52,547</u>

DRIVEN BRANDS INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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:

<i>(in thousands)</i>	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	

DRIVEN BRANDS INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 10—Income Taxes

The components of our income tax expense were as follows:

<i>(in thousands)</i>	Year Ended	
	December 26, 2020	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:

<i>(in thousands)</i>	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 deferred 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

DRIVEN BRANDS INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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.

DRIVEN BRANDS INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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.

DRIVEN BRANDS INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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.

DRIVEN BRANDS INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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)

<i>(in thousands)</i>	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)

<i>(in thousands, except per share amounts)</i>	For the three months ended	
	March 26, 2022	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)

<i>in thousands</i>	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	<u>\$ 565</u>	<u>\$ 247,136</u>	<u>\$ 64,717</u>	<u>\$ 4,465</u>	<u>\$ 1,405</u>	<u>\$ 318,288</u>

	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	<u>\$ 565</u>	<u>\$ 252,201</u>	<u>\$ 73,670</u>	<u>\$ 2,582</u>	<u>\$ 419</u>	<u>\$ 329,437</u>

DRIVEN BRANDS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
(UNAUDITED)

<i>(in thousands)</i>	Three months ended	
	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 **ABRA 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: _____

Name: Scott O'Melia

Title: Executive Vice President and Secretary

EXHIBIT E

Abra® Franchise Agreement

FRANCHISE AGREEMENT

BETWEEN

ABRA FRANCHISOR SPV LLC
A Delaware limited liability company
440 South Church Street, Suite 700
Charlotte, North Carolina 28202
(704) 377-8855

AND

Name(s) of Franchisee

Street

City State Zip Code

()
Area Code Telephone

AUTHORIZED LOCATION:

Street

City State Zip Code

()
Area Code Telephone

CONFIDENTIAL

Copyright 2022 ABRA FRANCHISOR SPV LLC

ABRA FRANCHISOR SPV LLC
FRANCHISE AGREEMENT

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**ABRA FRANCHISOR SPV LLC
FRANCHISE AGREEMENT**

THIS FRANCHISE AGREEMENT is made and entered into this ____ day of _____, 20__, by and between ABRA FRANCHISOR SPV LLC, a Delaware limited liability company ("Franchisor"), and _____ ("Franchisee").

BACKGROUND

A. Franchisor franchises auto body repair and refinishing shops known as Abra® Auto Body & Glass repair and refinishing shops ("Abra® Repair Centers"), the distinguishing characteristics of which are high quality auto body repair and refinishing at competitive prices including painting, collision repair, and auto glass repair and replacement; quality control standards and specifications; advertising and promotional programs; training; and distinctive standards and specifications for the site, layout and furnishings of an Abra® Repair Center. Franchisor uses and licenses certain service marks, trademarks, logos, trade dress and other commercial symbols, including the service mark "Abra," and may hereafter adopt, use and license additional or substitute trademarks, service marks, logos, trade dress and commercial symbols in connection with the operation of Abra® Repair Centers (collectively, the "Marks"). Abra® Repair Centers use Franchisor's methods, merchandising and business techniques, procedures, standards, specifications and the Marks (all of which are collectively referred to as the "Business System"), which Franchisor may periodically improve, further develop or otherwise modify;

B. Franchisee has had an adequate opportunity to be thoroughly advised of the provisions of this Agreement and Franchisor's Disclosure Document and has had sufficient time and opportunity to evaluate and investigate the Business System and the procedures and financial requirements associated with the Business System as well as the competitive market in which it operates; and

C. Franchisee desires to operate an Abra® Repair Center which will conform to the uniform requirements and quality standards of the Business System.

AGREEMENTS

In consideration of the mutual covenants and considerations set forth herein, Franchisor and Franchisee agree as follows:

1. GRANT OF FRANCHISE; FRANCHISED LOCATION

A. Grant of Franchise. Subject to the provisions stated below, Franchisor grants to Franchisee a personal license to operate an Abra® Repair Center (the "Repair Center") in conformity with Franchisor's Business System at the following location (the "Authorized Location"):

(Street)

(City, State and Zip Code)

B. Franchisee's Protected Area; Scope of License. During the term of this Agreement, Franchisor will not establish a company-owned or franchised Abra® Repair Center within a one (1)-mile radius of the Authorized Location (the "Protected Area"). The rights and privileges granted to Franchisee

under this Agreement are personal in nature and may not be used at any location other than the Authorized Location. Franchisee will not have the right to subfranchise or sublicense any of its rights under this Agreement. Franchisee will not use the Authorized Location for any purpose other than the operation of an Abra® Repair Center. Franchisee will not relocate the Repair Center without the prior written consent of Franchisor.

C. Reservation of Rights. The limited Protected Area granted under this Agreement is the only territorial protection granted to Franchisee and does not in any way expressly or implicitly grant any other area, market, territorial, or development rights to Franchisee or, except as set forth in Section 1.B, restrict Franchisor or its affiliates in any way in the manner in which Franchisor and its affiliates may conduct or operate their respective businesses. Franchisor and its affiliates have the right to issue competing franchises or to directly or indirectly develop and operate competing company-owned and affiliate-owned businesses under trademarks and service marks other than the Marks at any locations, as determined by Franchisor or any of its affiliates, inside or outside Franchisee's Protected Area. Further, Franchisor and its affiliates have the right both within and outside of the Protected Area: (i) to distribute products or services through alternative channels of distribution (including the Internet or any other existing or future form of electronic commerce) under the Marks, or under any other trademarks, service marks, trade names and commercial symbols; and (ii) to require Franchisee to participate in Corporately Managed Insurance Programs, as further described in Section 6(Q).

2. TERM; RENEWAL RIGHTS

A. Term. The term of the license granted in this Agreement will be for ten (10) years commencing on the date of this Agreement.

B. Renewal. Franchisee will have the right to renew its Abra® license for one (1) additional term of ten (10) years, provided Franchisee meets the following conditions:

1. Franchisee has given Franchisor written notice at least one hundred eighty (180) days before the end of the term of this Agreement of its intention to renew;

2. Franchisee has complied with all of the material provisions of this Agreement, or any other agreement between Franchisee and Franchisor or its affiliates, including the payment of all monetary obligations owed by Franchisee to Franchisor;

3. Franchisee has, at its expense, made such reasonable capital expenditures necessary to remodel, modernize and redecorate the premises of the Repair Center 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 Abra® Repair Centers;

4. Franchisee has, at its expense, complied with Franchisor's then-current qualification and training requirements as Franchisor reasonably requires;

5. Franchisee has paid a Renewal Fee of Seven Thousand Five Hundred Dollars (\$7,500) to Franchisor at least thirty (30) days before the initial term of this Agreement expires to compensate Franchisor for direct and indirect costs and expenses associated with the renewal;

6. Franchisee executes the standard Franchise Agreement then being used by Franchisor; provided that Franchisee will pay (i) the Renewal Fee in lieu of the Initial

Franchise Fee stated in the then-current Franchise Agreement, and (ii) the same Continuing Fees under the then-current standard Franchise Agreement as Franchisee pays under this Agreement; and

7. Franchisee is able to secure a renewal or extension of the lease (if applicable) for the Authorized Location.

3. OWNERSHIP AND USE OF MARKS

A. Ownership. Franchisor is the owner of the Marks, and Franchisee's use of the Marks shall inure to the benefit of Franchisor. Franchisee disclaims all right, titles, and interest in or to the Marks and the goodwill associated with the Marks.

B. Use. Franchisee's right to use and identify with the Marks and Business System applies only to the operation of the Repair Center at the Authorized Location, and exists concurrently with the term of this Agreement and only so long as Franchisee is in complete compliance with Franchisor's quality standards. Franchisee will have the right to use the Marks and Business System only in the manner Franchisor directs and approves in writing. Franchisee will not have or acquire any rights in any of the Marks or Business System other than the license of the right to use as governed by this Agreement. Franchisee will not during or after the term of this Agreement do anything directly or indirectly which would infringe upon, harm, mislead or contest the rights of Franchisor in the Marks or Business System.

C. Promotion. Franchisee will operate the Repair Center so that it is clearly identified and advertised as an Abra® Repair Center. The style, form and use of the words "Abra" in any advertising, written materials or supplies must, however, have the prior written approval of Franchisor, which approval will not be unreasonably withheld. Franchisee will use the name "Abra" and the other Marks which now or hereafter may form a part of the Business System, on all paper supplies, business cards, letterhead, envelopes, uniforms, advertising materials, signs or other articles in the identical combination and manner as may be prescribed by Franchisor in writing. Franchisee will comply with all trademark, trade name, service mark and copyright notice marking requirements.

D. Identity. Franchisee will not use the word "Abra" in its corporate, partnership or other entity name. Further, Franchisee will not register or use (except as authorized by Franchisor) any domain names that include the name "Abra" or the other Marks. Franchisee will clearly indicate on its business checks, purchase orders, business cards, receipts, promotional materials and other written materials that Franchisee is the owner of the Repair Center and that Franchisee is an Abra® franchisee. Franchisee will display a sign which is clearly visible to the general public indicating that the Repair Center is independently owned and operated.

E. Substitutions. If any third party claims that its rights to use any of the Marks are superior and if Franchisor determines that such claim is legally meritorious, Franchisee will, at its expense and upon receiving written notice from Franchisor, immediately use such changes and amendments to the Marks as may be required by Franchisor. Otherwise, Franchisee will not make any changes or amendments in or to the use of the Marks and Business System unless directed by Franchisor in writing.

F. Litigation. Franchisee will have no obligation to and will not defend or enforce any of the Marks in any court or other proceedings for or against imitation, infringement, any claim of prior use, or for any other allegation. Franchisee will, however, immediately notify Franchisor of any claims or complaints made against Franchisee respecting the Marks and will, at Franchisee's expense, cooperate in all respects with Franchisor in any court or other proceedings involving the Marks. Franchisor will pay the cost and expense

of all litigation Franchisor incurs, including attorneys' fees, specifically relating to the Marks. Franchisor and its legal counsel will have the right to control and conduct any litigation relating to the Marks.

4. SITE DEVELOPMENT

A. Site Selection Agreement. Before entering into this Agreement, Franchisee will acquire or lease, at its expense, the Repair Center premises under the provisions of the Site Selection Agreement attached hereto as Exhibit A.

B. Design and Appearance of Premises. The design and appearance of the exterior and interior of the Repair Center, including signs, are part of the Business System. It is essential to the integrity of Franchisor's Business System that as great a degree of uniformity as possible be maintained among the various premises of Abra® Repair Center franchisees. Franchisee agrees that: (1) the Repair Center will be built and equipped pursuant to the building plans and site plans Franchisor approves and will meet all Repair Center specifications described in the Operations Playbook or otherwise communicated to Franchisee by Franchisor, as to equipment, inventory, signs, fixtures, computer system, location and design and accessory features; (2) no material alteration or addition will be made to the premises without Franchisor's prior written consent; (3) the painting and décor will be maintained in such manner and form as Franchisor may reasonably require; (4) Franchisee will follow Franchisor's reasonable instructions with respect to layout and character of interior fixtures and furnishings; and (5) only such signs, emblems, logos, lettering, and artwork as Franchisor may reasonably require or periodically provide will be displayed on the Repair Center premises.

C. Permit Certification. Before occupying the Repair Center, Franchisee will file with Franchisor a statement certifying that Franchisee has obtained all required permits and certifications for operating the Repair Center, including zoning, access, sign and fire requirements.

5. FRANCHISOR'S OBLIGATIONS

A. Building Plans, Equipment, Supplies and Inventory. 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 Repair Center. In addition, Franchisor will provide Franchisee with lists of approved products and/or suppliers, as further described in Section 6(C).

B. Training. Franchisor will, at its expense, provide management and operations training courses to Franchisee and certain of its managers and key employees, as Franchisor designates. Training will take place online, at Franchisor's headquarters in Charlotte, North Carolina, or at such other locations as Franchisor may designate, including Franchisee's Repair Center. Franchisee, any Repair Center Manager and such other Repair Center employees as Franchisor designates must successfully complete certain of these training courses prior to opening Franchisee's Repair Center or shortly thereafter. Franchisor has the right to designate the actual course selection and scheduling for Franchisee. No individual will be permitted or authorized at any time during the term of this Agreement to manage Franchisee's business unless he/she has successfully completed the training courses designated by Franchisor. If Franchisee fails to successfully complete the applicable training courses, Franchisor may treat such failure as a breach of a material obligation under this Agreement and terminate this Agreement. Further, if Franchisee is given notice of default as set forth in Sections 13(A) and (B) 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 (including payment of Franchisor's then-current training fees), comply with the 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 its Repair Center Manager, if applicable, in attending the training courses.

C. Opening Assistance. Franchisor will assist in scheduling the opening of the Repair Center. Franchisee will not open or commence business operations until Franchisor has approved the opening. In addition, Franchisor will, at its expense and according to its judgment, assist Franchisee with up to four (4) additional weeks of on-site training at the Repair Center (the weeks may or may not be on a consecutive basis). Franchisor and Franchisee also may agree that Franchisor will provide management assistance and other services, in addition to the usual initial assistance and supervision Franchisor provides to all franchisees, for additional agreed upon compensation.

D. Operations Playbook. Franchisor will loan Franchisee one (1) copy of, or otherwise make available to Franchisee (through Franchisor's intranet or other means of written or electronic access as designated by Franchisor) Franchisor's operational manual (the "Operations Playbook"), which will contain Franchisor's required operational standards and other mandatory or suggested practices, standards and operating procedures that Franchisor develops for Abra® Repair Centers. Franchisor will also loan Franchisee one (1) copy of (or make available to Franchisee as described above) the Abra Team Member Handbook and the Manager's Safety Manual to assist Franchisee in opening and operating the Repair Center. Franchisee will comply with all provisions of the Operations Playbook and all other manuals Franchisor provides to Franchisee. Franchisor has the right to revise the Operations Playbook and any other manuals at any time by written or electronic means (including through Franchisor's intranet). Any mandatory specifications, standards and operating procedures contained in the Operations Playbook exist to create uniform standards of service, a uniform customer experience, and to protect Franchisor's interest in the Business System and the Marks, and not for the purpose of establishing control over, or any duty to take control over, the day-to-day operations of the Repair Center reserved to Franchisee.

E. Ongoing Assistance. During the operation of Franchisee's business, Franchisor will: (1) inspect the Repair Center as often as Franchisor deems necessary and provide Franchisee with written evaluations of the services provided by the Repair Center; (2) provide, upon the written request of Franchisee, advisory services pertaining to operation of Franchisee's business; (3) periodically make available to Franchisee all changes, improvements and additions to the Business System to the same extent made available to other franchisees; (4) provide Franchisee with all supplements and modifications to the Operations Playbook; (5) provide, in some cases for a fee, additional training programs and materials as Franchisor deems necessary; and (6) in Franchisor's judgment provide you with access to certain portions of Franchisor's intranet or other similar communications media that may be used by Franchisor in the future.

6. OPERATION OF THE FRANCHISEE'S BUSINESS

The Marks and Business System licensed to Franchisee represent valuable goodwill distinctive of Franchisor's business and reputation. Franchisor will periodically develop uniform standards of quality and service regarding the business operations of the Repair Center so as to protect (for the benefit of the Business System) the distinction, valuable goodwill and uniformity represented and symbolized by the Marks. To ensure that all franchisees will maintain the uniform requirements and quality standards for goods and services associated with Abra® Repair Centers and with the Marks and Business System, Franchisee will maintain the uniformity and quality standards Franchisor reasonably requires for the operation of Abra® Repair Centers and agrees to the following provisions:

A. Owners; Personal Guaranty. In the event Franchisee is a legal entity, all owners, shareholders, partners, joint venturers, and any other person who directly or indirectly owns a ten percent (10%) or greater interest in Franchisee (the "Owners") shall execute the Personal Guaranty attached to this Agreement as Exhibit B. Any person or entity that at any time after the date of this Agreement becomes an Owner, pursuant to Section 12 or otherwise, shall, as a condition of becoming an Owner, execute Franchisor's then-current form of personal guaranty.

B. Managerial Responsibility. The parties identified in Section 5(B) will attend and successfully complete Franchisor's training program described therein and, during the term of this Agreement, Franchisee (or one of its Owners approved by Franchisor) will personally manage, staff and operate the Repair Center, unless Franchisor and Franchisee agree that Franchisee may appoint a Franchisee employee to exercise such full-time management and control (the "Repair Center Manager"). Any potential Repair Center Manager must successfully complete Franchisor's training program, prior to assuming full-time management and control.

C. Approved Products and Services. Franchisee will dispense, sell, or offer for sale sufficient quantities of only such products, materials and services as Franchisor periodically approves in writing for the operation of Abra® Repair Centers. Franchisee will not offer or sell any other products, materials or services without Franchisor's written consent. Franchisee will purchase only such types, models or brands of fixtures, furniture, equipment, signs and supplies that Franchisor approves for Abra® Repair Centers as meeting its specifications and standards, including specifications and standards for quality, design, warranties, appearance, function and performance. Franchisor will periodically provide Franchisee with lists of approved products for sale and for use in the provision of services hereunder and may designate the manner or method through which Franchisee purchases products and/or services from approved suppliers. Franchisee may request that Franchisor approve supplies or suppliers that are not on Franchisor's lists; however, Franchisee must obtain Franchisor's advance, written approval before using any such alternative supply or supplier. Franchisor shall have the option to evaluate such alternative supply or supplier in any manner that Franchisor deems appropriate, and Franchisee must pay the costs of Franchisor's evaluation. Franchisor will approve or disapprove any alternative suppliers proposed by Franchisee within one hundred eighty (180) days after receiving all information needed to evaluate the supplier. Franchisee will, in operating its Repair Center, offer auto glass service and replacement at the Repair Center under standards established in the Operations Playbook. FRANCHISOR AND ITS AFFILIATES DISCLAIM ALL WARRANTIES, WHETHER EXPRESS OR IMPLIED, INCLUDING ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE IN CONNECTION WITH FRANCHISOR'S (AND/OR AN AFFILIATE'S) SALE OF ANY GOODS, EQUIPMENT, FURNITURE, SIGNS OR SUPPLIES TO FRANCHISEE.

Without limiting the foregoing sourcing requirements, Franchisor has designated certain approved suppliers of paint to the Business System as "Preferred Suppliers," which may include Franchisor and/or its affiliates. Franchisor may modify its list of Preferred Suppliers from time to time upon reasonable notice to Franchisee (in the Operations Playbook or otherwise in writing). Franchisee may choose to use, or not use, a Preferred Supplier for Franchisee's paint requirements. Franchisee acknowledges and agrees that a decision by Franchisee not to use a Preferred Supplier will have an adverse effect on the relationship that Franchisor and the Business System have with Preferred Suppliers. Accordingly, Franchisor reserves the right to assess a nonrefundable fee of One Thousand Dollars (\$1,000) against Franchisee (the "Paint Surcharge") for each month that Franchisee uses a supplier other than a Preferred Supplier for its requirements of paint for the Repair Center. The Paint Surcharge shall be due and payable at the same time and in the same manner as the Continuing Fee or in such other manner Franchisor periodically specifies. Franchisee acknowledges and agrees that the Paint Surcharge reasonably represents Franchisor's estimate of the damages to Franchisor and the Business System arising from Franchisee's decision not to purchase paint from a Preferred Supplier.

D. Maintenance of Premises; Modernization. Franchisee will, at its expense, repair, paint and keep in an attractive, safe and sanitary condition the interior and exterior premises of the Repair Center. Franchisee will be required to periodically make reasonable capital expenditures to remodel, modernize and redecorate the Repair Center, and to replace and modernize the furniture, fixtures, signs, supplies and office, computer and other Repair Center equipment so that the Repair Center will reflect the then-current physical appearance of new Abra® Repair Centers. All remodeling, modernization or redecoration of the Repair Center must be done pursuant to Franchisor's then-current standards and specifications and only with

Franchisor's prior written approval. Franchisee agrees to commence remodeling activities within ninety (90) days after written notice from Franchisor, although Franchisee will not be required to remodel, modernize and redecorate any Repair Center more than once every five (5) years during the term of this Agreement.

E. Compliance with Laws. Franchisee will, at its expense, comply with all applicable federal, state, local and municipal laws, ordinances, rules and regulations affecting the operation of the Repair Center, including, but not limited to: (1) all rules and regulations under the Occupational Safety and Health Act (OSHA) and all other applicable health and safety standards; (2) all laws and regulations regarding hiring, firing and compensation of employees; (3) the Americans with Disabilities Act (ADA); (4) the CAN-SPAM Act; (5) the Telephone Consumer Protection Act (TCPA), the Telemarketing Sales Rule (TSR) and other federal and state anti-solicitation laws regulating phone calls, spamming and faxing; and (6) 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 will timely obtain all permits, certifications or licenses necessary for the full and proper conduct of the business franchised hereunder, including licenses to do business, fictitious name registrations and sales tax permit clearances.

Franchisee acknowledges that Franchisee is an independent business and is solely responsible for control and management of its Repair Center, including, but not limited to, such matters as determining the prices at which Franchisee will offer and sell products and services, hiring and discharging Franchisee's employees and setting and paying wages and benefits of Franchisee's employees. Franchisee acknowledges that Franchisor shall have no power, responsibility or liability in respect to such issues including, without limitation, hiring, discharge and discipline, setting and paying of wages and related matters. Further, Franchisee has had an opportunity to obtain legal advice regarding, and currently complies with, all applicable legal requirements that prohibit unfair, fraudulent or corrupt business practices, including U.S. and other legal requirements that are designed to combat terrorism and terrorist activities. In addition, neither Franchisee nor any holder of an ownership interest in Franchisee is named as a "specially designated national" or "blocked person" (or other similar classification) as designated by the United States Department of the Treasury's Office of Foreign Assets Control (or other applicable government agency).

F. Operating Procedures; Operations Playbook. To protect the reputation and goodwill of Franchisor and to maintain uniform operating standards under the Marks and Business System, Franchisee will conduct its business in accordance with the required standards for the Business System, as described in the Operations Playbook and other Franchisor manuals, one (1) copy of which Franchisee will have on loan from Franchisor, or as otherwise prescribed in writing by Franchisor (including through Franchisor's intranet or through other electronic means). Any required standards exist to protect Franchisor's interests in the Business System and the Marks and not for the purpose of establishing any control or duty to take control over those matters that are reserved to Franchisee. The Operations Playbook and other manuals Franchisor provides to Franchisee will remain Franchisor's sole property. Franchisor has the right to periodically revise the contents of the Operations Playbook or any other manuals. Franchisee agrees to comply with each new or changed standard. Franchisee will ensure that its copy of (or access to) the Operations Playbook is kept current. In the event of any dispute as to the contents of the Operations Playbook, the terms of the master copy of the Operations Playbook Franchisor maintains (whether in hard copy or in electronic form) will be controlling.

Without limiting any other provision in this Agreement, Franchisor and its affiliates have the perpetual right to own and use and to authorize other Abra® Repair Centers to use, and Franchisee will fully and promptly disclose to Franchisor, all ideas, plans, improvements, concepts, methods and techniques relating to the development, marketing or operation of an Abra® Repair Center or any similar business conceived or developed by Franchisee or Franchisee's employees during the term of this Agreement. Franchisee may not test, offer, or sell any new products without Franchisor's prior written consent.

G. Confidential Information and Customer Data. Franchisee and those Owners who have signed the Personal Guaranty attached hereto as Exhibit B will not, during or after the term of this Agreement, communicate, disclose or use for the benefit of any other person or entity any confidential information, knowledge or know-how concerning the Business System. Franchisee will disclose such confidential information only to such of its employees as must have access to it in order to operate Franchisee's business. Any and all information, knowledge and know-how, including the Operations Playbook, any other manuals created for use in the operation of the Repair Center, methods, supplier lists, procedures, specifications, techniques, computer programs, and other data and information generated by, or used or developed in, operating the Repair Center, including Customer Data, and any other information contained from time to time in the Network Computer System or that visitors (including Franchisee) provide to the Abra website, which Franchisor copyrights or designates as confidential will be deemed confidential for purposes of this Agreement. "Customer Data" means the names, contact information, financial information, customer vehicle information and service history, and other personal information of or relating to the Repair Center's customers and prospective customers. During and after the term of this Agreement, Franchisor and its affiliates may make any and all disclosures and use the Customer Data in its and their business activities and in any manner that Franchisor or they deem necessary or appropriate. Franchisee must secure from its vendors, customers, prospective customers and others all consents and authorizations, and provide them all disclosures, that applicable law requires to transmit the Customer Data to Franchisor and its affiliates and for Franchisor and its affiliates to use that Customer Data in the manner that this Agreement contemplates.

H. Personnel. Franchisee or its Repair Center Manager (if applicable) will, at all times when open for business, be responsible for the business operations and staffing of Franchisee's business. Franchisee will employ and maintain a sufficient number of adequately trained, competent and courteous employees to provide efficient service to Franchisee's customers, and set and pay their wages, commissions and incentives. Franchisee will require its employees to wear such uniforms as may be designated by Franchisor. Franchisee will hire all employees and be exclusively responsible for the terms of their employment, work hours and compensation, with no liability to Franchisor. Franchisee acknowledges and agrees that all personnel decisions shall be made by Franchisee without any influence or advice from Franchisor, and such decisions and actions shall not be, nor be deemed to be, a decision or action of Franchisor. All persons hired by or working for Franchisee shall not, for any purpose, be deemed Franchisor's employees or be subject to Franchisor's control.

I. Hours of Operation. Franchisee's business will be open for business for such days and hours as Franchisor may designate.

J. Evaluations. Franchisor or its authorized representative shall have the right to enter Franchisee's Repair Center at all reasonable times during the business day for the purpose of making periodic evaluations and to ascertain if the provisions of this Agreement are being observed by Franchisee, and to inspect and evaluate Franchisee's building, land, equipment, as well as conditions of sanitation and cleanliness at the Repair Center.

K. Lease. If Franchisee leases, rather than owns, the premises for Franchisee's Repair Center, Franchisee's lease or sublease for the Repair Center premises must be approved by Franchisor before its execution, but such approval will not be unreasonably withheld. Franchisee's lease must permit Franchisee to occupy the premises for the term of this Agreement and contain provisions requiring that: (1) so long as this Agreement remains in effect, the premises be used only for an Abra® Auto Body & Glass business; (2) Franchisor will be granted the right (but not the duty) to take possession of the premises and assume the lease without liability for Franchisee's monetary defaults in the event of a termination of this Agreement or a threatened termination of the lease as a result of a breach by Franchisee; (3) the landlord will provide Franchisor written notice of any Franchisee default and/or Franchisee's right to cure; and (4) upon termination

of this Agreement or the lease, Franchisee must remove all signs and materials bearing the name “Abra” and other Marks.

L. Computer System. An integrated network-based computer system has been developed for use in the Franchisee’s business (the “Network Computer System”). Franchisee will, at its expense, install and use the Network Computer System, including all future updates, supplements, modifications and substitutions to it, in the operation of the Repair Center. Franchisee agrees to purchase software and computer hardware necessary to comply with Franchisor’s written specifications for the Network Computer System. Franchisee must lease the customized software packages from the supplier(s) Franchisor designates. In addition, Franchisee may be required to enter into one or more computer software license agreements specified by the third-party supplier of the customized software package. The computer hardware for the Network Computer System must be configured with the computer software packages as a package unit as Franchisor designates. If Franchisor is requested to configure Franchisee’s computer hardware component to conform with the computer software packages, Franchisor will provide such assistance for additional agreed upon compensation. Franchisor has the right to access Franchisee’s Network Computer System, and the data (including Customer Data) and information the Network Computer System collects and stores, at such times and in such manner as Franchisor designates. Franchisee understands and agrees that Franchisor and its affiliates may use such information and data, together with any records and reports required by Section 7 or any other provision of this Agreement, for any purpose and in any form as determined by Franchisor and its affiliates from time to time, including, without limitation, to conduct marketing and cross-promotional campaigns and to compile on an aggregated basis statistical and performance information relating to Franchisor’s (or its affiliates’) services and products, Abra® Repair Centers, and/or other automotive businesses franchised and owned by Franchisor and its affiliates. Franchisee agrees to obtain (and to continuously maintain at all times during the term of this Agreement) high speed internet access dedicated exclusively to the Network Computer System, via cable modem or DSL, or such other form of access or communication as Franchisor may designate in the future. Franchisee also agrees to purchase, install and maintain any equipment necessary to support such access or communication. Franchisee must at all times ensure that the Network Computer System is continuously operational. Franchisee shall comply with Franchisor’s standards, other directions from Franchisor, all applicable Payment Card Industry (“PCI”) data security standards, and all applicable laws and regulations, as any of them may be modified from time to time, in connection with the Repair Center and any Customer Data stored on the Network Computer System and, in any event, employ reasonable means to safeguard the confidentiality and security of Customer Data. Franchisee is solely responsible for protecting itself from disruptions, internet access failures, internet content failures, and attacks by hackers and other unauthorized intruders, and Franchisee waives any and all claims Franchisee may have against Franchisor as the direct or indirect result of such disruptions, failures, or attacks. Franchisee must comply with all laws and regulations related to privacy and data protection and breach response policies Franchisor may periodically establish. Franchisee must notify Franchisor immediately after becoming aware of any actual or suspected breach involving Customer Data (a “Data Security Incident”) at or in connection with the Repair Center. Franchisee must comply with Franchisor’s instructions in responding to any Data Security Incident. Franchisor (and its designated affiliates) have the right, but no obligation, to control the direction and handling of any Data Security Incident and any related investigation, litigation, administrative proceeding or other proceeding at Franchisee’s expense.

M. Additional Training. Franchisee and its Repair Center Manager (if any) must (at Franchisee’s expense) attend both: (i) the Abra® national convention, as held by Franchisor from time to time at a location determined by Franchisor; and (ii) up to one (1) additional Franchisor-provided training program, on an annual basis, whether conducted at the local, regional or national level. Franchisee and any Repair Center Manager will also attend such refresher and training courses as Franchisor may, in its judgment, periodically require. Franchisee will conduct ongoing training programs at the Repair Center for its employees. Franchisee will be responsible for travel costs, room and board, salaries, benefits, training manuals and other fees (if

applicable) and/or expenses Franchisee and its employees incur in attending such periodic conventions and additional training programs.

N. Notification of Proceedings. Franchisee will notify Franchisor in writing within five (5) days of the commencement of any action, suit or proceeding and of the issuance of any order, injunction or award of any court, agency or other governmental authority which may adversely affect the operation or financial condition of Franchisee's business.

O. Customer Service and Warranty Programs. Franchisee will ensure that services are rendered to all customers of the Repair Center in a prompt, workman-like and courteous manner. All customer complaints will be dealt with promptly and courteously. Franchisee will provide to all Repair Center customers those warranties and guarantees Franchisor requires and on forms Franchisor furnishes.

P. Reimbursement Policies. Franchisee will honor all valid customer claims presented pursuant to such warranties and guarantees Franchisee, Franchisor and other Abra® franchisees make and will not require customers to provide any payment or reimbursement therefor. Franchisee will be reimbursed, at a rate consistent with its current pricing, for any services it performs in honoring a valid warranty or guarantee Franchisor or another Abra® franchisee issues. Franchisee will reimburse, within five (5) days after receipt of an invoice for such reimbursement, Franchisor or any Abra® franchisee, at Franchisor's or such franchisee's current pricing, for any services Franchisor or such franchisee performs in honoring a valid warranty or guarantee Franchisee issues.

Q. Insurance Programs. Franchisor has entered into verbal and/or written agreements with certain insurance companies ("Corporately Managed Insurance Programs" or "CMIPs") 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 complied with such 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 complied with Franchisor's then-current participation requirements, 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.

R. Website Participation. Franchisor has the right to require Franchisee, at Franchisee's expense, to participate in an Abra website or other online communication systems. Franchisee may not create and maintain its own website(s) for the Repair Center. Franchisor may create and maintain a webpage for the Repair Center on the Abra website to ensure it is consistent with Franchisor's standards, as they may be modified from time to time. Franchisor has the right to determine the content and use of any websites or other online communication systems and will establish the rules under which franchisees

will participate. If Franchisor includes information about the Repair Center on the Abra website, Franchisee agrees to give Franchisor the information and materials that Franchisor periodically requests concerning the Repair Center. Franchisor retains all rights relating to any website or other online communication systems (including the domain name or URL for the Abra website, the log of "hits" by visitors, and any data and other personal or business data that visitors (including Franchisee) supply) and may alter or terminate the site or systems. Franchisee's general conduct on any website or other online communication systems, and specifically its use of the Marks, domain names or any advertising, is subject to the provisions of this Agreement. All content posted on local sites by Franchisee relating to the Repair Center or the business Franchisee conducts under this Agreement must be approved in advance by Franchisor. Franchisee acknowledges that certain information obtained through its participation in the website or other online communication systems may be considered confidential information, including access codes and identification codes. Franchisee's right to participate in any website or other online communication systems (including Franchisor's intranet) or to otherwise use the Marks or Business System on the internet terminates when this Agreement expires or terminates. Franchisor reserves all rights to online listings. Franchisee must cooperate in any attempts by Franchisor to gain access to and control of directory listings for the purposes of maintaining a competitive search engine ranking, through consistent representation of the business name and information.

7. FEES, SALES REPORTS, FINANCIAL STATEMENTS AND AUDIT RIGHTS

A. Initial Franchise Fee. Franchisee will pay Franchisor an Initial Franchise Fee of Thirty-five Thousand Dollars (\$35,000) of which a deposit of Ten Thousand Dollars (\$10,000) was received when Franchisee executed a Site Selection Agreement and the balance of Twenty-five Thousand Dollars (\$25,000) is due and payable on the date of this Agreement. The Initial Franchise Fee is nonrefundable, except as provided in the Site Selection Agreement.

B. Continuing Fee. Franchisee will, for the term of this Agreement, pay to Franchisor a Continuing Fee equal to five percent (5%) of Franchisee's Gross Sales, subject to a minimum annual Continuing Fee of Forty-five Thousand Dollars (\$45,000) (the "Annual Minimum"). For purposes of determining annual Gross Sales and the Annual Minimum, Franchisee will use Franchisor's fiscal year period. The Annual Minimum will be prorated for any partial years during this Agreement's term. The term "Gross Sales" means the total amount of all revenues received by Franchisee from the sale of goods and services, whether for cash or by check or credit card, at or in connection with the Repair Center, including sublet labor and new and used replacement parts. Gross Sales will not include sales taxes collected from customers or bona fide refunds.

C. Central Review Fee. Franchisee will, for the term of this Agreement, pay Franchisor its then-current Central Review Fee equal to a percentage of Franchisee's Gross Sales generated by Corporately Managed Insurance Programs (as defined in Section 6(Q)). The Central Review Fee is applied towards the costs of Franchisor's 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 Franchisor's central review oversight. Franchisor may increase the amount of the Central Review Fee at any time during the term of this Agreement by providing Franchisee thirty (30) days' prior written notice.

D. Payments. Franchisee will pay to Franchisor the Continuing Fees, Marketing Fees, and Central Review Fees due under this Agreement monthly on or before the tenth (10th) day of each calendar month, together with Franchisee's sales reports and profit and loss statements as required under this Agreement. Franchisee will certify the accuracy of such sales reports and will supply to Franchisor such supporting or supplementary materials as Franchisor may reasonably require to verify the accuracy of such payments. Franchisor has the right to require Franchisee to sign an electronic transfer of funds authorization

to authorize and direct Franchisee's bank or financial institution to transfer electronically directly to the account of Franchisor or its affiliates and to charge to the account of Franchisee all amounts due to Franchisor and/or its affiliates from Franchisee. Franchisee's authorizations shall permit Franchisor and/or its affiliates to designate the amount to be transferred from Franchisee's account. If Franchisor requires payment through the electronic transfer of funds, Franchisee will thereafter maintain a balance in its account sufficient to allow Franchisor and its affiliates to collect the amounts owed to them when due. Franchisee is responsible for any penalties, fines or other similar expenses associated with the transfer of funds described in this Section 7(D). Franchisee acknowledges and agrees that Franchisor has the right to require Franchisee to pay by electronic transfer of funds regardless of whether Franchisor imposes the same requirement on other Abra® franchisees. Any unpaid Continuing Fees, Marketing Fees, Central Review Fees, or other fees due to Franchisor or its affiliates will bear interest at the rate of eighteen percent (18%) per annum or the maximum rate permitted by law, whichever is less. In addition, Franchisee will timely pay all of its obligations and liabilities due and payable to suppliers, lessors and creditors. Franchisee agrees to execute any and all documents Franchisor reasonably requests, including draft authorizations, letters of credit, security agreements, and financing statements, to ensure payment of amounts due to Franchisor or Franchisor's affiliates for direct purchases of any items used in Franchisee's business. A payment will be considered unpaid if not received by Franchisor on or before the date due, if not honored by Franchisee's bank, or, if Franchisee is required to pay by electronic transfer of funds, there are insufficient funds in Franchisee's business bank account to collect the payment by a transfer of funds.

E. Taxes. Franchisee will promptly pay all federal, state and local taxes arising out of the operation of Franchisee's business. Franchisor will not be liable for these or any other taxes, and Franchisee will indemnify Franchisor for any such taxes that may be assessed or levied against Franchisor which arise or result from Franchisee's business.

F. Sales Reports and Repair Center Records. Franchisee will employ sound financial management and planning practices in the operation of Franchisee's business and will keep full and accurate books, records and accounts consistent with generally accepted accounting principles. Franchisee will use estimate and repair order forms Franchisor periodically prescribes. Franchisee will maintain, at its expense, an accurate written record of daily Gross Sales and will deliver to Franchisor a signed and verified statement of the monthly Gross Sales of Franchisee's business using such forms as Franchisor may require in writing. The monthly statements of Gross Sales and profit and loss will accompany Franchisee's Continuing Fee, Marketing Fee, and Central Review Fee and, therefore, will be provided to Franchisor monthly on or before the tenth (10th) day of each calendar month. Franchisor reserves the right to modify or substitute the required forms and impose additional recordkeeping procedures.

G. Financial Statements. Franchisee will, at its expense, provide Franchisor with an unaudited monthly profit and loss statement for the preceding month and year-to-date as Franchisor specifies using the forms and chart of accounts Franchisor requires. Franchisee will, at its expense, submit to Franchisor an audited profit and loss statement and balance sheet for any calendar or fiscal year during the term of this Agreement, together with such other reports, documents, data, forms, records and other information, including the Repair Center's and each of Franchisee's Owners' tax returns, as Franchisor may reasonably request. All financial information provided to Franchisor under this Section must be presented in the form Franchisor periodically requires in writing.

H. Audit Rights. Franchisee will make all of its financial books and records available to Franchisor or its designated representative at all reasonable times for review and audit by Franchisor or its designee. Franchisee's financial books and records for each fiscal and calendar year will be kept in a secure place and will be available for audit by Franchisor for at least six (6) years. Franchisor or its designee may at all reasonable times enter the Repair Center premises or any other location to inspect, copy and audit Franchisee's books and records. If Franchisee fails to provide documents required to be maintained by

Franchisee in the operation of Franchisee's business, Franchisee will be charged One Hundred Dollars (\$100) for each missing document. If an audit by Franchisor results in a determination that the Continuing Fees paid to Franchisor are deficient (underpaid) by more than two percent (2%), Franchisee will pay Franchisor for the reasonable costs and expenses that it has incurred as a result of the audit. If pursuant to audits, the Continuing Fees have been deficient by more than two percent (2%) twice or more within any five (5)-year period, this will be considered a material breach of this Agreement. Franchisor has the right to use in any appropriate manner all reports, data and other information that Franchisee submits to Franchisor or that Franchisor obtains through review of Franchisee's books and records or by accessing Franchisee's Network Computer System, which relate to the operation of the Repair Center. Specifically, Franchisor has the right to share said reports, data and other information with third parties, including, but not limited to, consultants and existing and potential franchisees.

8. MARKETING AND PROMOTION

A. Brand Fund. During the term of this Agreement, Franchisee will pay to Franchisor a Brand Fund Fee in an amount equal to as much as one percent (1%) of Franchisee's monthly Gross Sales (the "Brand Fund Fee"). Unless the Brand Fund Fee remains unchanged from the prior year, Franchisor will annually notify Franchisee of the exact percentage of monthly Gross Sales to be paid as a Brand Fund Fee. Franchisor will place all Brand Fund Fees it receives in the Abra® Brand Fund (the "Brand Fund") and manage such fund. Franchisor will also contribute to the Brand Fund for each Abra® Repair Center which it operates. Reasonable disbursements from the Brand Fund will be made for the payment of expenses incurred in connection with the general promotion and maintenance of the Marks, the Business System and the Abra brand image, including, but not limited to: (i) the cost of formulating, developing and implementing advertising and promotional campaigns and maintaining a direct sales staff; (ii) the cost of national or regional loyalty programs, customer satisfaction programs, the Abra website, intranet, any joint telephone numbers or customer contact center that Franchisor establishes, or use of future media platforms; (iii) management and administration of CMIPs and similar programs with other third parties, including costs incurred in contract negotiation and administration; and (iv) the reasonable costs of administering the Brand Fund, including accounting expenses and the actual costs of salaries and fringe benefits paid to Franchisor's employees engaged in administration of the Brand Fund. The Brand Fund is not a trust or escrow account, and Franchisor has no fiduciary obligations regarding the Brand Fund. Franchisor cannot ensure that any individual franchisee will benefit directly or on a pro rata basis from the future placement of any such advertising in its local market. Franchisor will determine the methods of advertising, media employed and contents, terms and conditions of advertising campaigns and promotional programs. Franchisor will provide (upon written request) Franchisee an annual unaudited statement of the receipts and disbursements of the Brand Fund.

B. Regional/Local Advertising. Franchisor has the right (at any point during the term of this Agreement) to create or modify a Designated Market Area ("DMA") for the geographic area in which Franchisee's Repair Center is located. Franchisee must participate in, support and contribute a maximum of three percent (3%) of Franchisee's monthly Gross Sales to a regional/local marketing program established by Franchisor for the DMA in which Franchisee's Repair Center is located, if one has been established. Unless the Regional/Local Marketing Fee remains unchanged from the prior year, Franchisor will annually notify Franchisee of the exact percentage of monthly Gross Sales to be paid as a Regional/Local Marketing Fee. Franchisor will administer the regional/local marketing program according to its judgment, and has no fiduciary obligations regarding the program. Proceeds from Regional/Local Advertising Fees received by Franchisor will generally be spent on conducting advertising and promotional activities within Franchisee's DMA and maintaining a direct 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. As requested by Franchisee, Franchisor will prepare and make available annual or periodic financial statements for the regional/local marketing program. Franchisor may, in the same manner described in Section 8(A), use a reasonable portion of Regional/Local Marketing Fees collected by Franchisor to cover expenses associated

with administering the regional/local marketing program. Franchisor has the right, in its judgment, to establish rules governing the regional/local marketing program, or to dissolve or modify the regional/local marketing program, including the right to establish advertising cooperatives.

C. Opening Promotion Fee. Upon execution of this Agreement, Franchisee will pay an Opening Promotion Fee of Five Thousand Dollars (\$5,000) which Franchisor will, in its judgment, use for opening promotion and initial advertising of the Repair Center. In addition, prior to Franchisee's opening the Repair Center, Franchisee may be required by Franchisor to purchase certain point-of-purchase materials or other promotional materials.

D. Toll-Free Line. Franchisor has the right (but not the obligation) to establish a national or regional toll-free "800" or similar telephone number to serve as a single number for multiple Repair Centers or the entire network of Abra® franchised and/or affiliate-owned Repair Centers. If Franchisor establishes a toll-free line, Franchisee shall participate in the program and pay the pro rata cost attributable the Repair Center.

E. Approved Advertising Materials. Franchisee will use its best efforts to promote and advertise its Abra® business in its local geographic area and will participate in all marketing and promotional programs Franchisor establishes. Franchisee will use only approved advertising and sales promotional materials. If Franchisee desires to use any unapproved advertising or sales promotional materials bearing the name "Abra" or other Marks, Franchisee must obtain written approval from Franchisor before using any such materials, which approval will not be unreasonably withheld. Franchisee will have the right to advertise and sell its products and services at whatever prices Franchisee determines.

9. INSURANCE

A. Coverage. Prior to the commencement of any activities or operations pursuant to this Agreement, Franchisee shall procure and maintain in full force and effect during the term of this Agreement (and for such period of time thereafter as is necessary to provide the coverages required hereunder for events having occurred during the term of this Agreement), at Franchisee's sole expense, the following insurance policy or policies in connection with Franchisee's operations. Such policy or policies shall be written by an insurance company or companies approved by Franchisor, having both a Financial Size Category equal to or greater than IX and a rating of a least "A-" in the most recent Key Rating Guide published by A.M. Best and Company, Inc. (or another rating that Franchisor reasonably designates if A.M. Best and Company, Inc. no longer publishes the Key Rating Guide) and licensed to do business in the state in which Franchisee is located, and shall include, at a minimum, the following:

1. Commercial Auto (liability arising out of the ownership, maintenance or use of "any auto" (symbol 21)), including Broad Form Products Coverage, with the following minimum limits: (i) Garage Operations – Other Than Covered Autos: \$1 million each accident and \$2 million in the aggregate, (ii) Garage Operations – Covered Autos: \$1 million each accident, (iii) Garage Keepers (Comprehensive Coverage): For each location, greater of \$750,000 or then-current value of customer autos in Franchisee's custody or control (as estimated using industry standard methods) – \$1,000 deductible for each customer's auto and \$10,000 maximum deductible for all such loss in any one event, and (iv) Physical Damage (Comprehensive Coverage): Actual cash value or cost of repair, whichever is less, minus \$1,000 deductible for each covered auto;

2. Workers' compensation with limits as required by statute (or such other disability benefits type insurance as may be required by statute or rule of the state in which Franchisee is located) and employers' liability insurance with the following minimum limits:

(i) Bodily injury by accident - \$500,000 each accident, (ii) Bodily injury by disease - \$500,000 each employee, and (iii) Bodily injury by disease - \$500,000 policy limit;

3. Commercial umbrella/excess liability insurance (following Commercial Auto Garage Operations and Employer's Liability) with a minimum limit of \$3,000,000 each accident or occurrence and \$3,000,000 in the aggregate with a maximum deductible or self-insured retention of \$10,000;

4. All Risk commercial property insurance with full replacement cost limits for both buildings and personal property. Additional required coverages: Theft, valuable papers and records; and Business Interruption (covering a minimum of 12 months loss of income, including coverage for royalties), contingent business interruption, and extra expense;

5. Cyber-risk insurance with minimum limits and maximum retentions as follows: (i) Information Security & Privacy: \$1,000,000 minimum limit each claim and a maximum self-insured retention of \$10,000 each claim, (ii) Privacy Notification Costs: \$1,000,000 minimum limit each event and a maximum self-insured retention of \$10,000 each event, (iii) Regulatory Defense & Penalties: \$1,000,000 minimum limit each claim and a maximum self-insured retention of \$10,000 each claim, (iv) Business Interruption: \$1,000,000 minimum each event and a maximum self-insured retention of \$10,000 each event, (v) Data Protection: \$1,000,000 each event and a maximum self-insured retention of \$10,000 each event, and (vi) Cyber Extortion: \$250,000 each event and a maximum self-insured retention of \$10,000 each event;

6. Employment practices liability insurance (including third-party discrimination) with a minimum limit of \$1,000,000 per claim and an annual aggregate of \$2,000,000 with a maximum deductible or self-insured retention of \$10,000 per claim; and

7. Any other insurance coverage that is required by federal, state or municipal law.

B. Referenced in the Operations Playbook. All policies listed above in Section 9(A) above (unless otherwise noted below) shall contain such provisions, extensions, endorsements, deductibles or self-insured retentions and limits as may, from time to time, be provided in the Operations Playbook.

C. Policy Cancellation. Franchisee shall cause the insurer to endorse each such policy so as to provide thirty (30) days advance notice to Franchisor, in the manner provided in Section 18(H) below, of cancellation, material change or non-renewal of any policy. In addition, Franchisee shall provide thirty (30) days advance notice to Franchisor, in the manner provided in Section 18(H), of cancellation, material change or non-renewal of any policy.

D. No Waiver of Franchisee's Indemnity Obligations. Franchisee's obligation to obtain and maintain the foregoing policy or policies in the amounts specified shall not be limited in any way by reason of any insurance that may be maintained by Franchisor, nor shall Franchisee's procurement of required insurance relieve it of liability under the indemnity provisions set forth in Section 10 below. Franchisee's insurance procurement obligations under this Section are separate and independent of Franchisee's indemnity obligations.

E. Franchisor to be Additional Insured. All liability policies shall name Franchisor and its affiliates, and any other party designated by Franchisor as additional insureds, and shall provide that

Franchisee's insurance is primary and non-contributory, and that Franchisee's insurer waives any right of subrogation against Franchisor and its affiliates.

F. Proof of Insurance. At least thirty (30) days prior to the time any insurance is required to be carried by Franchisee, and thereafter at least thirty (30) days prior to the expiration of any such policy, Franchisee shall deliver to Franchisor a copy of each new, renewal or replacement policy, inclusive of all endorsements, along with evidence of the premium payment. Certificates of Insurance are not acceptable.

G. Additional Coverages and Policy Limit Changes. Franchisor shall have the right to increase the minimum policy limits required under such insurance policies and require different or additional kinds of insurance or endorsements as it may determine to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances; provided, however, all changes shall apply, generally to all franchisees of Franchisor who are similarly situated. Notwithstanding the foregoing, Franchisor reserves the right to require Franchisee to maintain insurance (of such types, and in such amount as Franchisor may specify) to reflect any particular circumstances or situations affecting Franchisee. Insurance requirements will be communicated to Franchisee via the Operations Playbook or other written directive. Franchisee shall take prompt action to implement such changes. 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 Repair Center under the terms of the Service Level Agreement.

H. Franchisee's Failure to Obtain Required Insurance. In the event that Franchisee fails to obtain or maintain the insurance required under this Agreement, including the Operations Playbook, or furnish satisfactory evidence of insurance coverage and premium payments, Franchisor may, but is not obligated to and in addition to Franchisor's other rights and remedies under this Agreement, purchase said insurance on Franchisee's behalf. In such event, Franchisee shall fully cooperate with Franchisor's efforts to obtain insurance and shall promptly sign all forms required to obtain or maintain insurance. Franchisee shall reimburse Franchisor for any costs, premiums and other expenses incurred in obtaining insurance on Franchisee's behalf. Franchisee shall also reimburse Franchisor for the reasonable costs incurred in enforcing this obligation. These costs include, but are not limited to, mediation, and arbitration fees, court costs, attorneys' fees, management preparation time, witness fees, and travel expenses incurred by Franchisor or its agents or representatives, and interest on such fees and expenses.

I. Franchisor's Disclaimer. Franchisee's obligation to maintain insurance coverage pursuant to this Agreement and the Operations Playbook shall not be excused in any manner by reason of any separate insurance Franchisor or any indemnified party maintains, nor will it relieve Franchisee of its indemnity obligations pursuant to this Agreement. Franchisor does not represent or warrant that any insurance that Franchisee is required to purchase, or which Franchisor procures on Franchisee's behalf, will provide adequate coverage for Franchisee. The requirements of insurance specified in this Agreement are for Franchisor's protection. Franchisee should consult with its own insurance agents, brokers, attorneys, or other insurance advisors to determine the level of insurance protection it needs and desires, in addition to the coverage and limits required by Franchisor.

10. INDEMNIFICATION

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 foregoing 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 Repair Center, 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.

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 10, 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 10, 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 Abra® Repair Centers 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. Any settlement or compromise of any Third Party Claim must include a written release from liability of such claim for all Franchisor Indemnitees. This Section 10 will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

11. FRANCHISOR'S RIGHT OF FIRST REFUSAL TO PURCHASE

A. Restrictions. Franchisee will not sell, assign, trade, transfer, lease, sublease, or otherwise dispose of (whether through one or more related transactions) Franchisee's business, the Repair Center, the material assets of Franchisee's business (whether in whole or in part, and including any real property ownership or leasehold interest), and/or this Agreement to any third party, without first offering the same to Franchisor in writing. With respect to any such proposed transaction, Franchisee will (1) provide to Franchisor all of the items listed in Exhibit G to this Agreement, and (2) offer Franchisor the right to purchase at the same price and on the same terms as stated in the proposed third-party offer. Franchisor will

have the right to accept such offer at any time within ninety (90) days from the date that Franchisor receives all of the items listed on Exhibit G of this Agreement (the “Franchisor Evaluation Period”). 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.

If Franchisor provides the Franchisor Intent Notice to Franchisee, Franchisor and Franchisee 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 such rights.

If Franchisor does not provide the Franchisor Intent Notice to Franchisee, then Franchisee will be free to sell or transfer 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. Any such sale or transfer to a third party is expressly subject to the provisions described in Section 12 below. If (i) Franchisee determines that it is 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 must again (1) notify Franchisor and (2) 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 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.

Franchisor has the right to assign Franchisor’s rights under this Section 11(A) (in whole or in part) or designate a third party to exercise such rights. For the avoidance of doubt, either Franchisor or its third-party assignee can exercise the rights set forth in this Section 11(A). Franchisee expressly agrees that the items provided by Franchisee to Franchisor pursuant to Exhibit G of this Agreement may be disclosed by Franchisor to one (1) or more potential third-party designees. Further, Franchisee will cooperate with Franchisor and take all actions reasonably required to protect Franchisor’s rights (including Franchisor’s rights as to the business premises) under this Section 11(A).

B. Corporate Franchisee. If Franchisee is a corporation or other legal entity, the shareholders or owners cannot sell, assign, pledge or otherwise dispose of a controlling interest in the capital stock or other applicable ownership units of Franchisee (“Capital Stock”) (except to immediate family members of the controlling shareholder(s) or owner(s) or to a trust established for their benefit) until the Capital Stock has been first offered to Franchisor in writing under the same terms and conditions offered to any third party. Notwithstanding the terms of this Section, a shareholder or owner of Franchisee may bequeath, sell, assign, trade or transfer his/her Capital Stock to the other shareholders or owners of a Franchisee corporation or other

legal entity because of death or permanent disability without first offering it to Franchisor; however, Franchisee must provide Franchisor with written notice and legal documentation of all such transactions. All shares of Capital Stock issued by Franchisee's corporation or other legal entity to its shareholders or owners must bear the following legend on the reverse side of each issued and outstanding stock or ownership certificate:

“The shares of capital stock represented by this certificate are subject to a written Franchise Agreement which grants ABRA Franchisor SPV LLC a right of first refusal to purchase these shares of capital stock from the shareholder.”

This legend may be reasonably altered to fit the type of Franchisee entity, if other than a corporation. Nothing in this Section will be construed as prohibiting the shares of Capital Stock of a corporate or other entity Franchisee from being pledged as security to an institutional lender who has provided financing to or for the Repair Center, provided the institutional lender accepts such security interest subject to Franchisor's reasonable conditions.

Without limiting any provision in this Section 11, in the event of a sale or transfer under this Section 11(B) or a sale or transfer arising out of Franchisee's insolvency or the filing of any petition by or against Franchisee under any provisions of any bankruptcy or insolvency law, Franchisor's right of first refusal will (at Franchisor's option) constitute a right to purchase Franchisee's interest in this Agreement, and the building, equipment, inventory, fixtures, real property and leasehold interest used in the operation of the Repair Center. An amount and terms of purchase will be established by a qualified appraiser selected by the parties. If the parties cannot agree upon the selection of such an appraiser, one will be appointed by the American Arbitration Association (“AAA”) upon petition of either party to appoint an appraiser to establish such price in accordance with the rules and procedures of the AAA. Franchisor will receive a statement in writing incorporating the appraiser's report. Franchisor then will have thirty (30) days from Franchisor's receipt of the statement setting forth the third-party offer or the appraiser's report to accept the offer by delivering written notice of acceptance to Franchisee.

12. ASSIGNMENT OF FRANCHISE AGREEMENT

A. By Franchisor. This Agreement may be assigned and transferred (including any pledge or grant of security interest) by Franchisor and will benefit Franchisor's successors and assigns. Any such assignment or transfer will require the assignee to fulfill Franchisor's obligations under this Agreement.

B. Corporate Franchisee. If Franchisee is an individual, this Agreement may be transferred or assigned by Franchisee to a corporation or other legal entity which is owned or controlled by Franchisee, without triggering Franchisor's rights under Section 11, provided: (1) Franchisee and all owners, shareholders, partners, joint venturers, and any other person who directly or indirectly owns a ten percent (10%) or greater interest in the Franchisee entity shall execute the Personal Guaranty attached hereto as Exhibit B and agree to be bound by the provisions of this Agreement; and (2) Franchisee furnishes prior written proof to Franchisor substantiating that the corporation or other entity will be financially able to perform all of the provisions of this Agreement. Franchisee will give Franchisor fifteen (15) days' written notice before the proposed date of assignment or transfer of this Agreement to a corporation or other entity owned or controlled by Franchisee; however, the transfer or assignment of this Agreement will not be valid or effective until Franchisor has received completely executed legal documents effecting the transfer or assignment and has consented in writing to the transfer or assignment.

C. Conditions to Other Transfer or Assignment. Franchisee (and all owners, shareholders, partners, joint venturers, and any other person who directly or indirectly owns a ten percent (10%) or greater interest in the Franchisee entity) will not transfer (whether voluntary or involuntary), assign or otherwise

dispose of, in one or more transactions, Franchisee's business, the Repair Center, substantially all or all of the assets of Franchisee's business, this Agreement or any controlling interest in Franchisee (a "controlling" interest will include a proposed transfer of fifty percent (50%) or more of the Capital Stock of a corporate or other entity Franchisee) without Franchisor's prior written consent, except to immediate family members or trusts established for their benefit. Franchisee agrees to provide any prospective party to a transfer a copy of this Agreement before entering into any negotiations relating to a transfer.

Franchisor will not unreasonably withhold its consent to a transfer, subject to Section 11 of this Agreement and to any or all of the following conditions described below which Franchisor may, in its judgment, deem necessary:

1. All of Franchisee's accrued monetary obligations to Franchisor will have been satisfied, and Franchisee is not in default under this Agreement;
2. Franchisee executes a written agreement in a form satisfactory to Franchisor, in which Franchisee covenants to observe all applicable post-term obligations and covenants contained in this Agreement;
3. The transferee-franchisee enters into a written agreement in a form satisfactory to Franchisor assuming and agreeing to discharge all of Franchisee's obligations and covenants under this Agreement for the remainder of its term, including all warranty and guarantee work of Franchisee, or, at Franchisor's option, execute Franchisor's then-current standard form of franchise agreement (which may provide for different royalties, advertising contributions, duration, and other rights and obligations from those provided in this Agreement);
4. Franchisee executes a general release, in a form satisfactory to Franchisor, of any and all claims against Franchisor, its officers, directors, shareholders and employees, in their corporate and individual capacities;
5. The transferee-franchisee is approved by Franchisor and demonstrates to Franchisor's satisfaction that he/she meets Franchisor's managerial, financial and business standards for new franchisees, possesses a good business reputation and credit rating, and has the aptitude and ability to conduct Franchisee's business;
6. The transferee-franchisee has equal or greater qualifications to Franchisee with respect to business experience (either in the automobile repair and refinishing industry or generally), resources (including financial resources), facilities, and/or other factors relevant to the successful operation of an Abra® Repair Center. Without limiting the generality of the preceding sentence, it is specifically agreed that Franchisor may reasonably withhold its consent to a transfer if: (a) Franchisee is (or was at the time the Franchise Agreement was executed) the operator of an automobile dealer business; (b) the proposed transferee-franchisee has not continuously operated an automobile dealer business at the proposed Authorized Location, during the twelve (12) months preceding the date of the proposed transfer; and/or (c) the proposed transferee-franchisee or any of its direct or indirect owners or affiliates operates, has an ownership interest in, or performs services for a Competitive Business;
7. The transferee-franchisee does not own, operate, franchise, develop, manage or control any business that is in any way competitive with or similar to the Abra® business;

8. The transferee-franchisee successfully completes Franchisor's then-current initial training program; and

9. Franchisee pays Franchisor a transfer fee of Five Thousand Dollars (\$5,000) for the costs Franchisor incurs, including the costs of any required training. There will be no transfer fee payable with respect to transfers to immediate family members.

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 COMPETITIVE BUSINESS. 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.

D. Death, Disability or Incapacity. In the event of death, disability or incapacity of any individual Franchisee or any owner, partner, joint venturer, or any other person who directly or indirectly owns a ten percent (10%) or greater interest in the Franchisee entity, or upon the dissolution of the Franchisee entity, the appropriate representative of such person or entity (whether administrator, personal representative or trustee) will, within a reasonable time not exceeding ninety (90) days following such event, transfer his/her or its interest to a third party approved by Franchisor. Any such transfer will be subject to the provisions of Section 12(C) hereof.

E. Disclosure. Franchisor may require Franchisee to prepare and furnish to assignee and/or Franchisor such financial reports and other data relating to the Repair Center and its operations as Franchisor, in its judgment, may deem necessary or appropriate for assignee and/or Franchisor to evaluate the Repair Center and the proposed transfer. Franchisee agrees that Franchisor has the right to confer with proposed assignees and furnish them with information concerning the Repair Center and proposed transfer without being held liable to Franchisee, except for intentional misstatements made to any such assignee. Any such information furnished by Franchisor to proposed assignees is for the sole purpose of permitting the assignees to evaluate the Repair Center and proposed transfer and shall not be construed in any manner or form whatsoever as earnings claims or claims of success or failure.

13. FRANCHISOR'S TERMINATION RIGHTS

A. Grounds. Franchisee will be in default, and Franchisor may, at its option, terminate this Agreement, as provided herein, if: (1) Franchisee fails to open and commence operations of the Repair Center at such time as the premises are ready for occupancy or within nine (9) months of the execution of this Agreement, whichever occurs first; (2) Franchisee violates any material provision or obligation of this Agreement, including payment of Continuing Fees, Marketing Fees, Central Review Fees, and other amounts owed to Franchisor; (3) Franchisee or any of its managers, directors, officers or owners are convicted of, or plead guilty to or no contest to (a) a charge of violating any law which adversely impacts upon the reputation of Franchisee's business or (b) any felony; (4) Franchisee is insolvent within the meaning of any applicable state or federal law; (5) Franchisee makes an assignment for the benefit of creditors or enters into any similar arrangement for the disposition of its assets for the benefit of creditors; (6) Franchisee voluntarily or otherwise "abandons" (as defined below) the franchised business for a continuous period of ten (10) days or more (unless, through no fault of Franchisee, Franchisee loses possession of the Repair Center due to government exercise of the power of eminent domain or disaster which prevents Franchisee from restoring the Repair Center and Franchisee relocates to a site within a one (1)-mile radius of the Authorized Location approved by

Franchisor within sixty (60) days thereafter); (7) Franchisee is involved in any act or conduct which materially impairs the goodwill associated with the name “Abra” or any of the Marks or the Business System; (8) Franchisee’s lease (if applicable) for the Repair Center premises expires or is terminated for any reason (unless, through no fault of Franchisee, the lessor of the premises in which the Repair Center is located refuses to renew Franchisee’s lease and Franchisee relocates to a site within a one (1)-mile radius of the Authorized Location approved by Franchisor within sixty (60) days thereafter); or (9) Franchisee fails 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. The term “abandon” means Franchisee’s failure to operate the Repair Center for a period of ten (10) consecutive days without Franchisor’s prior written consent unless such failure is due to an act of God, war, strikes or riots.

B. Procedure. Except as described below, Franchisee will have thirty (30) days, or such longer period as applicable law may require, after its receipt from Franchisor of a written notice within which to remedy any default hereunder, and to provide evidence thereof to Franchisor. If Franchisee fails to correct the alleged default within that time (or such longer period of time as applicable law may require), this Agreement will terminate without further notice to Franchisee effective immediately when the thirty (30)-day period (or such longer period as applicable law may require) expires. Franchisor may terminate this Agreement immediately upon delivery of written notice to Franchisee, with no opportunity to cure, if the termination results from any of the following: (1) any default which is the third similar default within any twelve (12)-month consecutive period; (2) the nature of Franchisee’s breach makes it not curable; (3) Franchisee willfully and repeatedly deceives customers relative to the source, nature or quality of goods or services sold; (4) any default under items (3), (6), (7) or (8) in Section 13(A) above; or (5) Franchisee willfully and materially falsifies any report, statement, or other written data furnished to Franchisor. Any report submitted pursuant to Section 7 will be conclusively deemed to be materially false if it understates Gross Sales by more than four percent (4%).

C. Applicable Law. If the provisions of this Section 13 are inconsistent with applicable law of any jurisdiction, the applicable law will apply.

14. FRANCHISEE’S TERMINATION RIGHTS

Franchisee may terminate this Agreement if Franchisor violates any material obligation of Franchisor to Franchisee and fails to cure such violation within thirty (30) days after Franchisor’s receipt of written notice from Franchisee; provided, however, that Franchisee is in substantial compliance with the Agreement at the time of giving such notice of termination. Franchisee’s written notice must identify the violation and demand that it be cured.

15. FRANCHISEE’S OBLIGATIONS UPON TERMINATION

Upon the termination or expiration of this Agreement:

A. Post-Term Duties. Franchisee will: (1) within five (5) days, pay all amounts due and owing to Franchisor, Franchisor’s affiliates, or any third party under this Agreement, or otherwise related to Franchisee’s Repair Center; (2) cease all use and display of the Marks and of any proprietary materials (including the Operations Playbook, and/or any other material provided through Franchisor’s intranet or other means of electronic communication) and of all promotional materials furnished or approved by Franchisor; (3) return to Franchisor by first class prepaid United States mail all customized computer software for the Network Computer System, the Operations Playbook and any other manuals, advertising materials, and all other printed materials relating to the operation of the franchised business; (4) assign to Franchisor the telephone numbers for the Repair Center (in accordance with the Assignment attached as Exhibit D to this Agreement); (5) not directly or indirectly represent to the public or otherwise hold itself out as a present or

former Abra® franchisee; (6) comply with all other applicable provisions of this Agreement (including the confidentiality and non-compete provisions) or any other agreements between Franchisee and Franchisor (or its affiliates) that expressly or by their nature survive the termination or expiration of this Agreement; and (7) upon Franchisor's demand, assign to Franchisor or Franchisor's designee Franchisee's remaining interest in any lease then in effect for the Repair Center (although Franchisor will not assume any past due obligations). Without limiting the preceding sentence, upon termination or expiration of this Franchise Agreement for any reason, Franchisee's right to use the name "Abra" and the other Marks and the Business System will immediately terminate.

B. Redecoration. If Franchisee remains in possession of the Repair Center, Franchisee will, at its expense, modify both the exterior and interior appearance of the Repair Center so that it will be easily distinguished from the standard appearance of Abra® Repair Centers. At a minimum, such changes and modifications to the premises will include: (1) repainting the premises with totally different colors; (2) removing all signs, photos, displays and other materials bearing the name "Abra" and other Marks or logos; (3) removing from the premises all fixtures which are indicative of Abra® Repair Centers; (4) discontinuing use of the approved employee uniforms and refraining from using any uniforms which are confusingly similar; and (5) discontinuing use of all confidential information regarding the operation of the Repair Center. If Franchisee fails to comply with this Section 15(B) within thirty (30) days of termination or expiration of this Agreement, Franchisor has the right to enter the Authorized Location and remove all signage, displays or other materials in Franchisee's possession that bear any of the Marks or names or material confusingly similar to the Marks, and Franchisee must reimburse Franchisor for Franchisor's costs incurred in taking such action.

C. Franchisor's Repurchase Rights. Franchisor has the right but not the obligation, upon providing Franchisee written notice of Franchisor's intent to exercise such right within ninety (90) days after the expiration or termination of this Agreement, to inform Franchisee that it intends to purchase or designate a third party that will purchase all or any portion of the assets of Franchisee's Repair Center including, without limitation, equipment, the Network Computer System, fixtures, signage, furnishings, supplies, leasehold improvements, licenses, permits, inventory, and leasehold or real property interests in the Repair Center premises; provided that Franchisor may exclude from the assets purchased fixtures, equipment, signs, products and supplies that Franchisor has not previously approved as meeting quality or performance standards for the Repair Center. Franchisee agrees to promptly provide Franchisor all of the items listed in Exhibit G to this Agreement to determine whether to exercise its option under this Section 15(C). The purchase price for the Repair Center assets will be the fair market value (exclusive of goodwill) as agreed by the parties. If Franchisor and Franchisee cannot agree on the fair market value of the assets, fair market value will be determined by a qualified independent appraiser selected by Franchisor. Franchisor may offset against and reduce the purchase price by any amounts Franchisee owes to Franchisor or Franchisor's affiliates.

In the event the Agreement is terminated or expires, and the parties cannot agree upon the fair market value of the assets, the price determined by the appraiser will be the reasonable fair market value of the assets based on their continuing use in, as, and for the operation of an Abra® Repair Center and the appraiser will designate a price for each category of asset (e.g., equipment, fixtures, etc.), but shall not include the value of any goodwill of the Repair Center or business, as such goodwill is attributable to the Marks and the Business System. Within forty-five (45) days after Franchisor's receipt of the appraisal report, Franchisor or its designated purchaser will identify the assets, if any, that it intends to purchase at the price designated for those assets in the appraisal report.

Once the assets are identified and the price is established, whether by agreement of the parties or the appraisal method described above, Franchisor or its designated purchaser and Franchisee will then proceed to complete and close the purchase of the identified assets, and to prepare and execute purchase and sale documents customary for the assets being purchased, in a commercially reasonable time and manner. The purchase and sale documents 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 Franchisor's written notice to Franchisee of its intent to exercise its rights under this Section 15(C), unless the closing is delayed for reasons beyond Franchisor's reasonable control. If applicable, Franchisor and Franchisee will each pay one-half (1/2) of the appraiser's fees and expenses. Franchisor's interest in the Repair Center assets will constitute a lien thereon and may not be impaired or terminated by the sale or other transfer of any of those assets to a third party. Upon Franchisor's or its designated purchaser's exercise of the purchase option and tender of payment, Franchisee agrees to sell and deliver (or to cause its affiliates to sell and deliver, if applicable) the purchased assets to Franchisor or its designated purchaser, free and clear of all encumbrances, and to execute and deliver, to Franchisor or its designated purchaser a bill of sale and such other documents as may be commercially reasonable and customary to effectuate the sale and transfer of the assets being purchased.

If Franchisor does not exercise its option to purchase under this Section, Franchisee may, subject to Section 16(B) of this Agreement, sell or lease the Repair Center premises and assets to a third-party purchaser. Franchisee's agreement with any third-party purchaser must expressly state that it is subject to the terms of Section 16(B), and that the purchaser has no right to use the Marks in any manner.

Franchisor has the right to assign Franchisor's rights under this Section 15(C) (in whole or in part) or designate a third party to exercise such rights. For the avoidance of doubt, either Franchisor or its third-party assignee can exercise the rights set forth in this Section 15(C). Franchisee expressly agrees that the items provided by Franchisee to Franchisor pursuant to Exhibit G of this Agreement may be disclosed by Franchisor to one (1) or more potential third-party designees. Franchisee will cooperate with Franchisor and take all actions reasonably required to protect Franchisor's rights (including Franchisor's rights as to the Repair Center premises) under this Section 15(C).

16. FRANCHISEE'S COVENANTS NOT TO COMPETE

A. During Term. Franchisee (and the Owners) will not, during the term of this Agreement, on their own account or as an employee, agent, consultant, partner, officer, director, or shareholder of any other person, firm, entity, partnership or corporation: (1) divert or attempt to divert any business or customer of the business franchised hereunder to any competitor, or perform any other act injurious or prejudicial to the goodwill associated with the Marks and the Business System; or (2) own, operate, lease, franchise, conduct, engage in, be connected with, have an interest in or assist any other business that offers auto body repair and refinishing services (a "Competitive Business"), provided that, for purposes of this Agreement, the following will not be deemed a Competitive Business: (a) a business conducted by Franchisee pursuant to a franchise granted by Franchisor to Franchisee; or (b) any other automotive business franchised by Driven Brands Holdings Inc. or its subsidiaries. Section 16 will not, however, prevent Franchisee or any Owner from owning less than a five percent (5%) beneficial equity interest in any publicly held company.

B. After Termination. Franchisee (and the Owners) will not, for a period of one (1) year after this Agreement expires or is terminated (except for a termination as a result of a Franchisor's breach), on their own account or as an employee, agent, consultant, partner, officer, director, or shareholder of any other person, firm, entity, partnership or corporation: (1) engage in any act described in Section 16(A)(1); or (2) own, operate, lease, franchise, conduct, engage in, be connected with, have an interest in, or assist any person or entity engaged in any Competitive Business at the Authorized Location or within a radius of ten (10) miles of the Authorized Location or any other Abra® Repair Center. Franchisee expressly agrees that the one (1)-year period and the ten (10)-mile radius are the reasonable and necessary time and distance needed to protect Franchisor if this Agreement expires or is terminated for any reason. Franchisee further agrees that the one (1)-year period will be tolled for any period during which Franchisee is in breach of this covenant or any other period during which Franchisor seeks to enforce this Agreement.

C. Injunctive Relief. Franchisee agrees that damages alone cannot adequately compensate Franchisor if there is a violation of these noncompetitive covenants and that injunctive relief is essential for the protection of Franchisor. Franchisee therefore agrees that in case of any alleged breach or violation of this Section by it, Franchisor may seek injunctive relief without posting any bond or security, in addition to all other remedies that may be available to Franchisor at equity or law.

17. REMEDIES

A. Arbitration. Except as qualified below in this Section 17(A), any dispute between the parties arising under, out of, in connection with or in relation to this Agreement, the parties' relationship, or Franchisee's business shall be submitted to binding arbitration under the authority of the Federal Arbitration Act and shall be arbitrated in accordance with the then current rules and procedures and under the auspices of the AAA. Any arbitration shall be on an individual basis and not consolidated with any other proceeding or claims of other parties. The arbitration shall take place in Charlotte, North Carolina, or at such other place as may be mutually agreeable to the parties, and the proceedings shall be heard by one or more arbitrators as set forth in the AAA Rules. The decision of the arbitrators shall be final and binding on all parties; however, the arbitrators may not under any circumstances: (1) stay the effectiveness of any pending termination of this Agreement; (2) assess punitive or exemplary damages; or (3) make any award which extends, modifies or suspends any lawful term of this Agreement or any reasonable standard of business performance set by Franchisor. Notwithstanding the foregoing, Franchisee recognizes that the Repair Center is one of a number of businesses identified by the Marks and similarly situated and selling to the public similar products and services, and hence the failure on the part of a single Franchisee to comply with the terms of its agreement could cause irreparable damage to Franchisor and/or to some or all other Franchisees of Franchisor. Therefore, it is mutually agreed that in the event of a breach or threatened breach of any of the terms of this Agreement by Franchisee, Franchisor shall forthwith be entitled to an injunction restraining such breach and/or to a decree of specific performance, without showing or proving any actual damage, together with recovery of reasonable attorneys' fees and other costs incurred in obtaining said equitable relief, until such time as a final and binding determination is made by the arbitrators. Similarly, it is mutually agreed that in the event of a breach or threatened breach of any of the terms of this Agreement by Franchisor, Franchisee shall forthwith be entitled to an injunction restraining such breach and/or to a decree of specific performance, without showing or proving any actual damage, together with recovery of reasonable attorneys' fees and other costs incurred in obtaining said equitable relief, until such time as a final and binding determination is made by the arbitrators. The foregoing equitable remedies shall be in addition to, and not in lieu of, all other remedies or rights which the parties might otherwise have by virtue of any breach of this Agreement by the other party.

B. Punitive Damages. Franchisor and Franchisee agree to waive, to the fullest extent permitted by law, the right to or claim for any punitive or exemplary damages against the other and agree that in the event of a dispute between them, each will be limited to the recovery of actual damages sustained by it.

C. Jury Trial. Franchisor and Franchisee agree to waive, to the fullest extent permitted by law, any and all rights to a trial by jury in connection with the enforcement or interpretation of any provision of this Agreement, and in connection with allegations of state or federal statutory violations, fraud, misrepresentation or similar causes of action, or any legal action initiated for the recovery of damages for breach of this Agreement.

D. Consent to Jurisdiction. Subject to the arbitration obligations in Section 17(A), Franchisee and its Owners agree that all judicial actions brought by Franchisor against Franchisee or Franchisee's Owners, or by Franchisee or its Owners against Franchisor, Franchisor's affiliates or Franchisor's or their respective owners, officers, directors, agents, or employees, must be brought exclusively in the state or federal court of general jurisdiction in the state, and in (or closest to) the city, where Franchisor maintains its principal business address at the time that the action is brought. Franchisee and each of its Owners irrevocably submits

to the jurisdiction of such courts and waives any objection that any of them may have to either jurisdiction or venue. Notwithstanding the foregoing, Franchisor may bring an action for a temporary restraining order or for temporary or preliminary injunctive relief, or to enforce an arbitration award, in any federal or state court in the state in which Franchisee or any of its Owners resides or the Repair Center is located.

E. Enforcement. The non-prevailing party will pay all costs and expenses, including reasonable attorneys' fees, costs, and expenses, the prevailing party incurs in any action or proceeding arising under, out of, in connection with, or in relation to this Agreement, the Authorized Location, or the Abra® business. Franchisee must give Franchisor written notice of any alleged breach of this Agreement by Franchisor. Any claim arising out of or relating to this Agreement, the relationship of the parties, Franchisor's operation of the Abra® franchise system, or Franchisee's operation of the Repair Center will be barred unless filed before the expiration of the earlier of: (1) the time period for bringing an action under any applicable state or federal statute of limitations; (2) one (1) year after the date upon which a party discovered, or should have discovered, the facts giving rise to an alleged claim; or (3) two (2) years after the first act or omission giving rise to an alleged claim. Claims of Franchisor for the underreporting of Gross Sales, for indemnification, or for claims related to Franchisor's rights under any of the Marks shall be subject only to the applicable state or federal statute of limitations.

18. GENERAL PROVISIONS

A. Severability. All provisions of this Agreement are severable and this Agreement will be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein and partially valid and enforceable provisions will be enforced to the extent valid and enforceable. If any applicable law or rule of any jurisdiction requires a greater prior notice of the termination of or refusal to renew this Agreement than is required hereunder, or if under any applicable law or rule of any jurisdiction, any provision of this Agreement is invalid or unenforceable, the prior notice required by such law or rule will be substituted for the notice requirements hereof, or such invalid or unenforceable provision will be modified to the extent required to be valid and enforceable. Such modifications to this Agreement will be effective only in such jurisdiction and will be enforced as originally made and entered into in all other jurisdictions.

B. Waiver. No acceptance by Franchisor of any payment by Franchisee and no failure, refusal or neglect of Franchisor or Franchisee to exercise any right under this Agreement or to insist upon full compliance by the other with its obligations hereunder, including any mandatory specification, standard or operating procedure, will constitute a waiver of any provision of this Agreement.

C. Cumulative Rights. The rights of Franchisor and Franchisee hereunder are cumulative and no exercise or enforcement by Franchisor or Franchisee of any right or remedy hereunder will preclude the exercise or enforcement by Franchisor or Franchisee of any other right or remedy hereunder or which Franchisor or Franchisee is entitled by law to enforce.

D. Governing Law. Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Section 1051 et seq.), and the Federal Arbitration Act (9 U.S.C. Section 1 et seq.), this Agreement and the franchise relationship will be governed by the laws of the State of North Carolina, without regard to its conflict of laws rules, except that any law regulating the offer or sale of franchises, business opportunities or similar interests or governing the relationship of a franchisor and its franchisee or any similar relationship, will not apply unless its jurisdictional requirements are met independently without reference to this Section 18(D). This Agreement shall be deemed to be amended from time to time as may be necessary to bring any of its provisions into conformity with valid applicable laws or regulations.

E. Binding Effect. This Agreement is binding upon the parties hereto and their respective executors, administrators, heirs, assigns and successors in interest.

F. Entire Agreement. The “Background” section is a part of this Agreement. This Agreement, together with exhibits, represents the entire agreement of the parties. This Agreement supersedes and terminates any prior oral or written understandings or agreements between Franchisor and Franchisee relating to the subject matter of this Agreement. Subject to Franchisor’s rights to modify the Marks and Business System and as otherwise provided herein, this Agreement shall not be altered or amended, in whole or in part, except by a writing signed by Franchisor and Franchisee. However, nothing in this Agreement or any related agreement is intended to disclaim the representations made in the most recent Franchise Disclosure Document (including its exhibits and amendments) that Franchisor delivered to Franchisee or its representative.

G. References. The term “Franchisee” as used herein is applicable to one or more persons, a corporation or other legal entity, as the case may be, and the singular usage includes the plural. References to “Franchisee,” “assignees” and “transferees” which are applicable to an individual or individuals mean the principal owner or owners of the equity or operating control of Franchisee or any such assignee or transferee if Franchisee or such assignee or transferee is a corporation or other entity. If Franchisee consists of more than one (1) individual, all individuals will be bound jointly and severally by the provisions of this Agreement.

H. Notices. All notices to be provided hereunder will be in writing and will be made by personal service or sent by prepaid first class United States mail to the respective parties at the following addresses or such other address as may be designated by written notice to the other party.

If to Abra: ABRA Franchisor SPV LLC
440 South Church Street
Suite 700
Charlotte, North Carolina 28202
Attn: _____

If to FRANCHISEE: _____

Notices delivered by a recognized delivery service that requires a written receipt will be an acceptable manner of personal service.

I. Relationship of the Parties. Franchisee is an independent contractor. Nothing in this Agreement, or arising from the conduct of the parties hereunder, is intended to or does in fact or law make either party a general or special agent, joint venturer, partner, or employee of the other for any purpose. Neither this Agreement, the nature of the relationship of the parties nor the dealings of the parties pursuant to this Agreement creates a fiduciary relationship between the parties. Further, Franchisor and Franchisee are not and do not intend to be partners, associates, or joint employers in any way, and Franchisor shall not be construed to be jointly liable for any of Franchisee’s acts or omissions under any circumstances. Although Franchisor retains the right to establish and modify the Business System that Franchisee must follow, Franchisee retains the responsibility for the day-to-day management and operation of the Repair Center and implementing and maintaining standards at the Repair Center. To the extent that the Operations Playbook or Franchisor’s guidelines or standards contain employee-related policies or procedures that might apply to Franchisee’s employees, those policies and procedures are provided for informational purposes only and do not represent mandatory policies and procedures to be implemented by Franchisee. Franchisee must determine to what extent, if any, these policies and procedures may be applicable to the operations at the Repair Center. Franchisor and Franchisee recognize that Franchisor neither dictates nor controls labor or employment matters for franchisees and that Franchisee, and not Franchisor, is solely responsible for dictating the terms and conditions of employment for Franchisee’s employees, including, but not limited to, training, wages, benefits, promotions, hirings and firings, vacations, safety, work schedules, and specific tasks. Franchisor has no

relationship with Franchisee's employees, and Franchisee has no relationship with Franchisor's employees. Franchisee agrees to conspicuously identify itself in all dealings with customers, lessors, contractors, suppliers, public officials, employees and others as the owner of the Repair Center and agrees to place such other notices of independent ownership at the Repair Center and on forms, business cards, stationery, marketing and other materials as Franchisor may require from time to time. Franchisee may not make any express or implied agreements, warranties, guarantees or representations or incur any debt in Franchisor's name or on Franchisor's behalf or represent that the relationship of the parties hereto is anything other than that of independent contractors. Franchisor will not be obligated by or have any liability under any agreements made by Franchisee with any third party or for any representations made by Franchisee to any third party. Franchisor will not be obligated for any damages to any person or property arising directly or indirectly out of the operation of the business hereunder.

J. No Recourse. 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.

K. Interpretation of Rights and Obligations. The following provisions will apply to and govern the interpretation of this Agreement, the parties' rights under this Agreement, and the relationship between the parties:

1. Franchisor's Rights. Whenever this Agreement provides that Franchisor has a certain right, that right is absolute and the parties intend that Franchisor's exercise of that right will not be subject to any limitation or review. Franchisor may operate, administrate, develop, and change the Business System in any manner that is not specifically precluded by the provisions of this Agreement.

2. Franchisor's Reasonable Business Judgment. Whenever Franchisor reserves discretion in a particular area or where Franchisor agrees or is required to exercise its rights reasonably or in good faith, Franchisor will satisfy its obligations whenever it exercises "Reasonable Business Judgment" in making its decision or exercising its rights. A decision or action by Franchisor will be deemed to be the result of "Reasonable Business Judgment," even if other reasonable or even arguably preferable alternatives are available, if Franchisor's decision or action is intended, in whole or significant part, to promote or benefit the Business System generally even if the decision or action also promotes a financial or other individual interest of Franchisor. Examples of items that will promote or benefit the Business System include enhancing the value of the Marks, improving customer service and satisfaction, improving product quality, improving uniformity, enhancing or encouraging modernization, and improving the competitive position of the System. By establishing the Reasonable Business Judgment standard, Franchisor and Franchisee recognize that it is in the best interest of the Business System that Franchisor's exercise of discretion in making decisions concerning or that affect the Business System, be given the same latitude that corporate boards of directors are given in making decisions concerning the direction of their companies. Neither Franchisee nor any third party

(including a trier of fact), will substitute its judgment for Franchisor's Reasonable Business Judgment.

L. Notice of Potential Franchisor Profit. Franchisor and/or its affiliates may derive revenue based on Franchisee's purchases and leases, including from charging Franchisee (at prices exceeding its 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 suppliers that Franchisor designates, approves, or recommends for some or all Abra® franchisees. Franchisor and its affiliates may use all amounts received from 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 deem appropriate.

19. ACKNOWLEDGMENTS

A. Independent Investigation. Franchisee acknowledges that it has conducted an independent investigation of the business franchised hereunder, and recognizes that the business venture contemplated by this Agreement involves business risks and that its success will be largely depend on Franchisee's ability as an independent business person. Franchisor expressly disclaims the making of, and Franchisee acknowledges that it has not received, any warranty or guarantee, express or implied, as to the potential volume, profits or success of the business venture contemplated by this Agreement.

B. Franchise Agreement. Franchisee acknowledges that it has received, read, and understood this Agreement and that Franchisor has fully and adequately explained the provisions of it to Franchisee's satisfaction and that Franchisee has had sufficient time and opportunity to consult with advisors of its own choosing about the potential benefits and risks of entering into this Agreement.

C. Other Franchises. Franchisee acknowledges that other franchisees of Franchisor have or will be granted franchises at different times and in different situations, and further acknowledges that the provisions of such franchises may vary substantially from those contained in this Agreement.

D. Receipt of Documents. Franchisee acknowledges that it received a copy of this Agreement at least seven (7) calendar days before the date on which this Agreement was executed. Franchisee further acknowledges that he/she has received a Franchise Disclosure Document at least fourteen (14) calendar days (or at least ten (10) business days, as applicable) before the date on which this Agreement was executed.

<Remainder of Page Blank. Signatures on Following Page>

IN WITNESS WHEREOF, Franchisor and Franchisee have signed this Agreement as of the day and year first above written.

This is a legal document which grants specific rights to and imposes certain obligations upon Franchisor and Franchisee. Consult legal counsel to be sure that you understand your rights and duties. Please insert the name and address of your attorney: _____

_____.

“FRANCHISOR”

“FRANCHISEE”

ABRA FRANCHISOR SPV LLC

By: _____

By: _____

Its: _____

Its: _____

and

By: _____

Its: _____

EXHIBIT A
TO
FRANCHISE AGREEMENT
SITE SELECTION AGREEMENT

Exhibit A

SITE SELECTION AGREEMENT

This Agreement is made and entered into this ____ day of _____, 20__, by and between ABRA FRANCHISOR SPV LLC, a Delaware limited liability company, with its principal offices at 440 South Church Street, Suite 700, Charlotte, North Carolina 28202 ("Abra"), and _____, whose principal address is _____ ("Prospective Franchisee").

INTRODUCTION

A. Abra franchises auto body repair and refinishing shops known as Abra® Auto Body & Glass repair and refinishing shops ("Abra® Repair Centers"), the distinguishing characteristics of which are high quality auto body repair and refinishing at competitive prices, including painting, collision repair, rustproofing, air conditioning, wheel alignments and auto glass repair and replacement; quality control standards and specifications; advertising and promotional programs; training; distinctive standards and specifications for the site, layout and furnishings of an Abra® Repair Center. Abra uses and licenses certain service marks, trademarks, logos, trade dress and other commercial symbols, including the service mark "Abra," and may hereafter adopt, use and license additional or substitute trademarks, service marks, logos, trade dress and commercial symbols in connection with the operation of Abra® Repair Centers (collectively, the "Marks"). Abra® Repair Centers use Abra's methods, merchandising and business techniques, procedures, standards, specifications and the Marks (all of which are collectively referred to as the "Business System"), which Abra may periodically improve, further develop or otherwise modify.

B. Prospective Franchisee desires to operate an Abra® Repair Center (the "Repair Center") as part of the and to enter into this preliminary Site Selection Agreement (the "Agreement") for the purpose of selecting a site upon which Prospective Franchisee's Repair Center will be located.

C. Abra is willing to license the Business System to Prospective Franchisee provided that Prospective Franchisee complies with all of Abra's requirements and specifications for the Business System, including the provisions stated herein.

Abra and Prospective Franchisee agree as follows:

1. Site Selection. Prospective Franchisee will use his/her best efforts to select a proposed site for the Repair Center within the area described in Exhibit A attached hereto (the "Development Area"). Prospective Franchisee will submit to Abra in the form specified by Abra in its Site Selection Guidelines (the "Guidelines"), a copy of which is loaned to Prospective Franchisee upon execution of this Agreement, a description of the site and such other information or materials as Abra may reasonably require. In selecting a proposed site, Prospective Franchisee will bear in mind Abra's commitment to locating all Abra® Repair Centers on main thoroughfares. Abra will not unreasonably withhold consent to a site in the Development Area that meets its standards as described in the Guidelines. Prospective Franchisee is solely responsible for determining that the proposed site meets all zoning and other applicable government requirements and for obtaining all required governmental permits. Abra's consent to Prospective Franchisee's site for an Abra® Repair Center does not constitute a recommendation, assurance or endorsement of the success of the site.

2. Site Selection Assistance. Abra will furnish Prospective Franchisee with the Guidelines and such consultation and on-site evaluation as Abra may deem advisable. Abra agrees, at no cost to Prospective Franchisee, to review up to four (4) sites selected by Prospective Franchisee as potential sites for his/her Repair Center. Abra will charge Prospective Franchisee One Hundred Fifty Dollars (\$150) for the review of each site in addition to the initial four (4) sites. Prospective Franchisee should consult with his/her legal counsel or financial manager in negotiating the lease or purchase of the site consented to by Abra. Abra may, in its sole discretion, offer guidelines to Prospective Franchisee respecting such negotiations. Abra will not

provide Prospective Franchisee with any financing for the site or serve as a guarantor for Prospective Franchisee.

3. Leased Premises. Prospective Franchisee may either lease or purchase the site on which the Repair Center will be located and may either lease or construct the building in which the Repair Center will be located. If Prospective Franchisee should lease the premises of the Repair Center, Prospective Franchisee will submit the lease, prior to its execution, to Abra for its approval, which approval will not be withheld unreasonably. Abra may require, as a condition of its approval, that the proposed lease contain certain provisions, including the following:

A. The premises will be used solely for the operation of Prospective Franchisee's Repair Center and will be open to the public and operated for the number of hours and the number of days specified in the Abra Operations Playbook ("the Operations Playbook");

B. Prospective Franchisee will not sublease or assign the lease or any part thereof except with the written approval of Abra;

C. Prospective Franchisee may place such exterior and interior signs as Abra will require from time to time;

D. The term of the lease (including renewal terms) will continue for the term of the Abra Franchise Agreement (as defined below);

E. Abra may enter the premises during normal business hours to make any modifications necessary to protect the Marks;

F. Abra may, at Abra's election, have the lease assigned to it upon termination or expiration of this Agreement or the Franchise Agreement; and

G. If Prospective Franchisee is in default under the terms of the lease, the landlord will give Abra notice of such default and the opportunity to cure the default.

4. Site Selection Guidelines. Prospective Franchisee acknowledges receipt of a copy, on loan, of the Guidelines from Abra. Prospective Franchisee agrees not to reprint or reproduce any portion of the Guidelines for any reason without the prior written consent of Abra in each instance nor to reveal its contents to any person other than those employees of Prospective Franchisee who must learn the information contained therein to perform their duties as such employees. Prospective Franchisee acknowledges and agrees that the Guidelines and any copies of the Guidelines and any information derived from Abra regarding the prospective franchise are and will remain the confidential trade secret property of Abra.

5. Marks. Prospective Franchisee acknowledges and agrees that neither this Agreement, nor Prospective Franchisee's or Abra's execution of this Agreement, entitles Prospective Franchisee to use the Marks.

6. Franchise Agreement. Five (5) business days after Prospective Franchisee executes a lease or purchase agreement for the site of the Repair Center, Prospective Franchisee will execute Abra's then-current form of Franchise Agreement (the "Franchise Agreement").

7. Deposit. Upon execution of this Agreement, Prospective Franchisee will deposit with Abra the sum of Ten Thousand Dollars (\$10,000) (the "Deposit") to be applied against the initial franchise fee payable by Prospective Franchisee under the Franchise Agreement.

8. Termination.

A. Except as otherwise described below, this Agreement will remain in effect until Prospective Franchisee and Abra have executed the Franchise Agreement.

B. Prospective Franchisee may, prior to execution by Prospective Franchisee of a lease or purchase agreement for the site of the Repair Center, withdraw his/her application for a franchise to operate an Abra® Repair Center and terminate this Agreement for any reason upon written notice to Abra.

C. During the six (6)-month period following the execution of this Agreement, Abra may, at its discretion, terminate this Agreement by written notice to Prospective Franchisee at any time before Prospective Franchisee executes a lease or purchase agreement for the site of the Repair Center. If Prospective Franchisee has not leased or purchased a site acceptable to Abra within six (6) months following the execution of this Agreement, Abra may terminate this Agreement upon written notice to Prospective Franchisee.

9. Obligations Upon Termination.

A. Upon termination of this Agreement, Prospective Franchisee will return to Abra the copy of the Guidelines Prospective Franchisee received on loan from Abra. Prospective Franchisee agrees not to divulge any information he/she received from Abra, whether through the Guidelines or otherwise.

B. If Prospective Franchisee terminates this Agreement for any reason, Abra will refund to Prospective Franchisee fifty percent (50%) of the Deposit. If Abra terminates this Agreement within six (6) months of the date of its execution, Abra will refund to Prospective Franchisee the Deposit plus interest at the rate of four percent (4%) per annum. Otherwise, the Deposit is nonrefundable.

10. Nonassignability of Agreement.

A. Prospective Franchisee acknowledges and agrees that Abra has entered into this Agreement based upon Prospective Franchisee's personal experience, skills, and managerial and financial qualifications. Prospective Franchisee agrees that it will not transfer this Agreement, except upon the prior express consent of Abra.

B. Abra reserves the right to sell or assign, in whole or in part, its interest in this Agreement.

11. Notices. Any notice or communication provided for herein will be in writing, signed by the party serving the notice, and either delivered personally or deposited in the United States mail, postage prepaid. If such notice is a notice of termination, it will be delivered by certified mail to the respective party at the address shown above unless a different address has been designated in writing by the other party. Any notice by mail will be deemed to have been given at the date and time of mailing.

12. Applicable Law. This Agreement will be interpreted and construed in accordance with the laws of the state in which the Development Area is located.

13. General Provisions.

A. Should any clause of this Agreement be held to be void or unenforceable for any reason by any court of competent jurisdiction, such clause will be deemed to be separable and the remainder of this Agreement will be deemed to be valid and in full force and effect.

B. If Prospective Franchisee consists of two (2) or more individuals, such individuals will be jointly and severally liable and references to Prospective Franchisee in this Agreement will include all such individuals. Reference to Prospective Franchisee as an individual will also include a partnership, corporation or other legal entity.

C. Prospective Franchisee acknowledges that he/she has read this Agreement, the Franchise Agreement and the Abra's Franchise Disclosure Document (the "Disclosure Document"), all of which have been provided to Prospective Franchisee in accordance with applicable laws and regulations, and that he/she has been given the opportunity to consult with counsel and any other advisors.

IN WITNESS WHEREOF, the parties have executed this Agreement on the date first above written.

PROSPECTIVE FRANCHISEE:

ABRA FRANCHISOR SPV LLC

By: _____

Its: _____

EXHIBIT A
TO
SITE SELECTION AGREEMENT
DESCRIPTION OF DEVELOPMENT AREA

EXHIBIT B
TO
FRANCHISE AGREEMENT
PERSONAL GUARANTY

Exhibit B

PERSONAL GUARANTY

1. In consideration of, and to induce ABRA Franchisor SPV LLC, ("Franchisor") to enter into a Abra® Auto Body & Glass franchise agreement dated _____, 20____ (the "Franchise Agreement"), with _____ ("Franchisee"), each of the undersigned (the "Guarantors") hereby personally and unconditionally: (a) guarantees to Franchisor, and its affiliates, successors and assigns, for the term of the Franchise Agreement and thereafter as provided in the Franchise Agreement, that Franchisee will punctually pay and perform each and every undertaking, agreement and covenant set forth in the Franchise Agreement; and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Franchise Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities, including, without limitation, the provisions of Sections 6(G), 16(A), 16(B), and 17(A) (all of which shall be referred to as the "Obligations"), as though each of the Guarantors had themselves executed a franchise agreement containing the identical terms and conditions of the Franchise Agreement.

2. Each of the undersigned Guarantors waives: (1) acceptance and notice of acceptance by Franchisor (and its affiliates) of the foregoing undertakings; (2) notice of demand for payment of any indebtedness or nonperformance of any Obligations hereby guaranteed; (3) protest and notice of default to any party with respect to the indebtedness or nonperformance of Obligations hereby guaranteed; (4) any right the Guarantor may have to require that an action be brought against Franchisee or any other person as a condition of liability; and (5) to the extent permitted by law, any and all other notices and legal or equitable defenses to which the Guarantor may otherwise be entitled.

3. Each of the undersigned Guarantors consents and agrees that: (1) the Guarantor's direct and immediate liability under this guaranty shall be joint and several; (2) the Guarantor shall promptly render any payment or performance required under the Franchise Agreement upon demand by Franchisor (or any of its affiliates) if Franchisee fails or refuses punctually to do so; (3) such liability shall not be contingent or conditioned upon pursuit by Franchisor (or, as applicable, its affiliate) of any remedies against Franchisee or any other person; (4) such liability shall not be diminished, relieved or otherwise affected by Franchisee's insolvency, bankruptcy or reorganization, the invalidity, illegality or unenforceability of all or any part of the Agreement, the amendment or extension of the Agreement with or without notice to the undersigned, or any extension of time, credit or other indulgence which Franchisor (or any of its affiliates) may from time to time grant to Franchisee or to any other person, including, without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend his guaranty, which shall be continuing and irrevocable during the term of the Franchise Agreement; and (5) no claim, including a claim for contribution or subrogation, which any of the undersigned may have against a co-guarantor of any of the Obligations or Franchisee shall be enforced nor any payment accepted until the Obligations are paid in full and the payments are not subject to any right of recovery.

4. With respect to the Obligations, Franchisor (or any of its affiliates) may from time to time, without notice to any of the undersigned Guarantors and without affecting the liability of any of the Guarantors: (a) surrender, release, impair, sell or dispose of any security or collateral for the Obligations, (b) surrender, release or not agree to sue any guarantor or surety, (c) fail to perfect a security interest in or realize upon any security or collateral, (d) fail to realize upon any of the Obligations or to proceed against Franchisee or any guarantor or surety, (e) renew or extend the time for payment, (f) accept additional security or collateral, (g) determine the allocation and application of payments and credits and accept partial payments, (h) determine what, if anything, may at any time be done with reference to any security or collateral, and (i) settle or compromise the amount due or owing or claimed to be due or owing. Each of the undersigned Guarantors expressly consents to and waives notice of all of the above. Franchisor (and its affiliates) may collect the Obligations from any of the undersigned without first trying to collect from

Franchisee or another of the guarantors of the Obligations. To the extent not prohibited by law, each of the undersigned consents that venue of any legal proceedings relating to the collection of this Personal Guaranty shall be, at Franchisor's (or, as applicable, its affiliate's) option, in Charlotte, North Carolina.

5. Each of the undersigned Guarantors: (a) acknowledges and agrees that Franchisor (and each of its affiliates) has not made any representations or warranties with respect to, does not assume any responsibility to any of the undersigned for, and has no duty to provide information to any of the undersigned regarding the collectability or enforceability of any of the Obligations or the financial condition of Franchisee or any Guarantor; (b) has independently determined the credit worthiness of Franchisee and the collectability and enforceability of the Obligations; and (c) until the Obligations are paid in full, will independently and without reliance on Franchisor (or any of its affiliates) continue to make the determinations described in 5(b) of this Personal Guaranty.

6. This is a continuing guaranty and shall remain in full force and effect so long as the Franchise Agreement is in effect, and thereafter so long as any Obligations remain in effect and not satisfied.

<Remainder of Page Blank. Signatures on Following Page>

IN WITNESS WHEREOF, each of the undersigned has signed this Personal Guaranty on the same day and year as the Franchise Agreement was signed.

In the Presence of:

PERSONAL GUARANTORS

Individually

Address

Individually

Address

Individually

Address

Individually

Address

EXHIBIT C
TO
FRANCHISE AGREEMENT
CONVERSION ADDENDUM TO
FRANCHISE AGREEMENT

Exhibit C

CONVERSION ADDENDUM TO FRANCHISE AGREEMENT

THIS CONVERSION ADDENDUM (this “Addendum”) is made and entered into this ____ day of _____, 20____, by and between ABRA FRANCHISOR SPV LLC (“Franchisor”) and _____ (“Franchisee”).

BACKGROUND

Franchisor and Franchisee are, on this day, entering into an ABRA Franchisor SPV LLC Franchise Agreement (the “Franchise Agreement”), whereby Franchisee will be granted the right to operate an Abra® Auto Body & Glass Repair Center at the Authorized Location stated in the Franchise Agreement (the “Repair Center”). Franchisee has owned an existing auto body repair and refinishing service business for at least twelve (12) months and desires to convert such business to an Abra® Auto Body & Glass Repair Center under the provisions of the Franchise Agreement (a “Conversion Franchise”). Franchisee has requested, and Franchisor has consented to, certain modifications of the Franchise Agreement as stated below.

AGREEMENTS

The Franchisor and Franchisee agree as follows:

1. Terminology. Unless stated otherwise herein, all capitalized terms in this Addendum have the definition given to them in the Franchise Agreement, if any. For purposes of this Addendum, the term “Franchisee” also includes all Owners of Franchisee.

2. Continuing Fee. Section 7(B) of the Franchise Agreement is deleted and replaced with the following provision:

Franchisee shall pay to Franchisor a Continuing Fee equal to a percentage of Franchisee’s Gross Sales, as outlined below, subject to payment of a minimum annual Continuing Fee of Forty-five Thousand Dollars (\$45,000) [OR _____ (\$____)] (the “Annual Minimum”). For purposes of determining annual Gross Sales and the Annual Minimum, Franchisee will use Franchisor’s fiscal year period. The amount of the Continuing Fee will be determined using the existing baseline Gross Sales of the Repair Center as Franchisor has determined, which is \$_____ for the Repair Center (the “Baseline”), as follows:

<u>Annual Gross Sales</u>	<u>Continuing Fee</u>
Up to Baseline	____% or Annual Minimum
Over Baseline	5.0% of Gross Sales

For example (and by way of example only), if Franchisee were to have annual Gross Sales of \$_____ in any calendar year during the term of this Agreement, Franchisee would be required to pay total Continuing Fees for the year of \$_____ as follows:

Gross Sales	Amount of Gross Sales in Tier	Percentage or Amount for Tier	Continuing Fee Amount for Tier
\$0 – \$_____ (Baseline)	\$_____	Annual Minimum	\$_____
\$_____ – \$_____	\$_____	5%	\$_____
TOTAL			\$_____

Franchisee acknowledges and agrees that the foregoing illustration is provided solely to demonstrate the method of calculating the tiered monthly Continuing Fees and is not intended as a statement, representation or suggestion by Franchisor that Franchisee can or will achieve the above revenues or any specific volume or level of Gross Sales.

The Annual Minimum will be prorated for any partial years during the Term. Percentage Continuing Fees are payable on a monthly basis as set forth in Section 7(D) below. With respect to any portion of the Continuing Fees that are calculated as annual amounts, Franchisor shall have the right to invoice such amounts on a monthly basis in equal installments, or invoice an equivalent percentage of Gross Sales as estimated payments.

The term "Gross Sales" means the total amount of all revenues received by Franchisee from the sale of goods and services, whether for cash or by check or credit card, at or in connection with the Repair Center, including sublet labor and new and used replacement parts. Gross Sales will not include sales taxes collected from customers or bona fide refunds.

3. Site Selection Agreement. Section 4(A) of the Franchise Agreement is deleted given that Franchisor has previously approved Franchisee's existing business site as the Authorized Location for the Repair Center.

4. Website. If Franchisee is an existing automobile dealership, the following is added to the end of Section 6(R) of the Franchise Agreement: "Franchisor and Franchisee agree that Franchisee shall create, and maintain for as long as Franchisee is a franchisee of Franchisor, an internet link on Franchisee's dealership's primary website (currently _____) to Franchisor's official Abra® Auto Body & Glass website (currently www.abraauto.com). Franchisee's use of any of the Marks in connection with the aforementioned link is subject to the provisions of this Agreement.

5. Construction. In all other respects, the Franchise Agreement will be construed and enforced according to its terms.

IN WITNESS WHEREOF, Franchisor and Franchisee have signed this Addendum as of the day and year first above written.

"FRANCHISOR"

"FRANCHISEE"

ABRA FRANCHISOR SPV LLC

By: _____
Its: _____

By: _____
Its: _____

and

FRANCHISEE'S OWNERS

EXHIBIT D
TO
FRANCHISE AGREEMENT
ASSIGNMENT OF TELEPHONE NUMBERS

Exhibit D

ASSIGNMENT OF TELEPHONE NUMBERS

Date: _____

This assignment is effective as of the date of termination or expiration of the Franchise Agreement entered into between ABRA Franchisor SPV LLC (“us”) and _____ (“you”). You hereby irrevocably assign to us or our designee the telephone number or numbers and listings issued to you with respect to your Abra® Auto Body & Glass Repair Centers (“telephone numbers”). This assignment is for collateral purposes only and we have no liability or obligation of any kind whatsoever arising from this assignment, unless we desire to take possession and control over the telephone numbers.

We hereby are authorized and empowered upon termination or expiration of the Franchise Agreement and without any further notice to you to notify the telephone company, as well as any other company that publishes telephone directories (“telephone companies”), to transfer the telephone numbers to us or such other person or entity as we designate. You hereby grant to us an irrevocable power of attorney and appoint us as your attorney-in-fact to take any necessary actions to assign the telephone numbers, including, but not limited to, executing any forms that the telephone companies may require to effectuate the assignment. This assignment is also for the benefit of the telephone companies, and the telephone companies may accept this assignment and our instructions as conclusive evidence of our rights in the telephone numbers and our authority to direct the amendment, termination or transfer of the telephone numbers, as if they had originally been issued to us. In addition, Franchisee agrees to hold the telephone companies harmless from any and all claims against them arising out of any actions or instructions by us regarding the telephone numbers.

YOU:

(entity name)

ABRA FRANCHISOR SPV LLC

By: _____

By: _____

Its: _____

Its: _____

EXHIBIT E
TO
FRANCHISE AGREEMENT

ABRA® CONSOLIDATED SUPPLY PROGRAM AMENDMENT TO
FRANCHISE AGREEMENT

Exhibit E

ABRA® CONSOLIDATED SUPPLY PROGRAM AMENDMENT TO FRANCHISE AGREEMENT

THIS CONSOLIDATED SUPPLY PROGRAM AMENDMENT (the “Amendment”) is made and entered into this __ day of _____, 20__, by and between ABRA FRANCHISOR SPV LLC (“Franchisor”) and _____ (“Franchisee”).

BACKGROUND

A. Franchisor and Franchisee are parties to an ABRA Franchisor SPV LLC Franchise Agreement (the “Franchise Agreement”), whereby Franchisee is granted the right to operate an Abra® Auto Body & Glass Repair Center (the “Repair Center”) at an authorized location stated in the Franchise Agreement.

B. From time to time, Franchisor negotiates and enters into supply agreements for the purchase of various supplies, products and services needed for use in the operation of an Abra® Repair Center (“Supplier Agreements”) with various third-party suppliers (“Suppliers”), for items such as, but not limited to, paint, paint supplies, rental cars, non-OEM replacement parts, collision repair information systems, uniforms, and office supplies. Under certain of the respective Supplier Agreements, the applicable Suppliers agree to extend discounted prices and/or other concession (“Supplier Programs” or “Programs”) to Franchisor’s company-owned (including affiliate-owned) and franchised Abra® repair centers (“Abra® Repair Centers”), provided that the participating Abra® Repair Centers comply with any terms and conditions pertaining to such Programs.

C. Recognizing the value of participation in the Programs and the potential increased leverage available to Franchisor in negotiating Supplier Agreements with the various Suppliers as a result of an increased number of Abra® Repair Center participating in the Programs, Franchisee desires to authorize Franchisor to negotiate and enter into Supplier Agreements and to bind Franchisee to the terms and conditions of Supplier Programs, subject to Franchisee’s opt-out rights, as described herein.

D. Accordingly, Franchisee has requested, and Franchisor has consented to, an amendment of the Franchise Agreement, on the terms and conditions set forth below.

AGREEMENTS

In consideration of the mutual covenants and considerations set forth herein, Franchisor and Franchisee agree as follows:

1. **Grant of Authority.** Franchisee hereby grants Franchisor the right, power and authority to negotiate with Suppliers and, subject to Franchisor’s sole judgment, to enter into Supplier Agreements on behalf of the Abra® network of franchisees and company-owned Abra® Repair Centers, including Franchisee’s Repair Center. Franchisee acknowledges and agrees that upon Franchisor’s signing of a Supplier Agreement, Franchisee will be immediately bound to the pricing, payment and delivery terms, and other rules, conditions and guidelines of the Programs established in such Supplier Agreements, as they are communicated to Franchisee by Franchisor. Within thirty (30) days of signing a new Supplier Agreement for a new Program or Programs, Franchisor will provide Franchisee with a summary of the material terms and conditions applicable to Franchisee, with respect to each new Program. Franchisee shall not be entitled to review Supplier Agreements directly. Franchisee shall submit to any credit check or similar evaluation required by Franchisor or the Supplier under any Program, and Franchisee acknowledges that its ability to participate in Programs may be limited based on credit and other eligibility requirements. Franchisor shall have the sole right, power and authority to negotiate the terms of Supplier Agreements and administer Programs and

Franchisee acknowledges that any individual Programs may not, by its terms, be available to all Abra franchisees or to Franchisee in particular, due to factors such as, but not limited to, delivery location, purchase volume, and other eligibility factors.

2. Opt-Out Rights. Upon receiving written notice of a new Program and its pricing and features, Franchisee has the right at any time, upon thirty (30) days' advance written notice to Franchisor (or such longer notice period as Franchisor may set forth in the Program summary described in Paragraph 1, above), to opt out of that Program. Upon expiration of the notice period: (a) Franchisee will no longer be eligible to participate in that Program; and (b) Franchisee will remain liable for satisfying any and all obligations of Franchisee under the particular Supplier Agreement that accrued prior to expiration of the thirty (30)-day notice period.

3. Compliance with Guidelines and Management of Programs. Franchisee agrees to adhere to all rules and guidelines communicated by Franchisor regarding Programs generally or regarding any Program in particular. Franchisee acknowledges that participation in Programs pursuant to this Agreement may require that Franchisee take, or refrain from taking, certain actions in order to remain in compliance with Programs and this Agreement, such as, but not limited to, honoring exclusive supplier arrangements, adhering to per-order minimums, meeting obligations for timely payment, and complying with other Program-specific requirements. In addition, and without limiting the foregoing, Franchisee agrees that Franchisor shall have the sole right and privilege (at Franchisor's option) to: (i) manage any and all disputes with Suppliers and/or customers in connection with Programs; (ii) to communicate with Suppliers and Suppliers' representatives regarding all matters, including, but not limited to, Programs, Program qualifications, terms and conditions of sale, Supplier guidelines, Franchisee opt-outs and opt-ins of Programs, and Repair Center openings and closings; and (iii) establish and administer centralized ordering, billing, payment, and collections systems and procedures in connection with Programs. Franchisee agrees to use any required purchase order form or ordering method prescribed by Franchisor for Programs, and to execute any agreements directly with Suppliers as may be required under Programs. Franchisee acknowledges and agrees that any rights, benefits or other advantages extended to Franchisee under any Program are conditioned upon Franchisee's compliance with the rules, conditions and guidelines for such Program.

4. Limitations on Liability. With respect to Franchisee's Repair Center, Franchisee is solely liable for complying with all terms and conditions of each Program in which Franchisee participates and Franchisee is solely liable for Franchisee's payment obligations to Supplier or Franchisor, as applicable, with respect to all products and services purchased by Supplier. Franchisor disclaims any and all liability arising directly or indirectly from Franchisee's relationship with or purchases made from Suppliers in connection with Programs. Nothing in this Paragraph 4 shall be construed as a limitation on Franchisee's indemnification obligations under Section 10 of the Franchise Agreement.

5. Termination Rights. Either party has the right to terminate this Amendment upon thirty (30) days' advance written notice to the other party; provided that if Franchisee elects to terminate this Amendment, at Franchisor's option: (a) Franchisee will no longer be eligible to participate in any Programs available to Franchisee under a Supplier Agreement signed by Franchisor pursuant to this Amendment; and (b) Franchisee will remain liable for satisfying any and all obligations of Franchisee, under any Supplier Programs, which accrued prior to termination of this Amendment.

6. Construction. In all other respects, the Franchise Agreement will be construed and enforced according to its terms.

IN WITNESS WHEREOF, Franchisor and Franchisee have signed this Amendment as of the day and year first above written.

“FRANCHISOR”

“FRANCHISEE”

ABRA FRANCHISOR SPV LLC

By: _____

By: _____

Its: _____

Its: _____

and

FRANCHISEE’S OWNERS

EXHIBIT F
TO
FRANCHISE AGREEMENT
ACKNOWLEDGMENT ADDENDUM

Exhibit F

ACKNOWLEDGMENT ADDENDUM

As you know, Franchisee (“you”) and Franchisor (“we” or “us”) are entering into a Franchise Agreement for the operation of an Abra® Auto Body & Glass Repair Center franchise. The purpose of this Acknowledgment Addendum is to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate or misleading, and to be certain that you understand the limitations on claims that may be made by you by reason of the offer and sale of the franchise and operation of your business. Please review each of the following questions carefully and provide honest responses to each question.

Acknowledgments and Representations.*

1. Did you receive a copy of our Disclosure Document (and all exhibits and attachments) at least 14 calendar days before signing the Franchise Agreement? **Check one:** () Yes () No. **If no, please comment:** _____

2. Have you studied and reviewed carefully our Disclosure Document and Franchise Agreement? **Check one:** () Yes () No. **If no, please comment:** _____

3. Did you receive, at least 7 calendar days before the date on which the Franchise Agreement was signed, a copy of the Franchise Agreement that was substantially the same as the Franchise Agreement you signed, except for fill-in-the-blank provisions or negotiated changes initiated by you? **Check one:** () Yes () No. **If no, please comment:** _____

4. Did you understand all the information contained in both the Disclosure Document and Franchise Agreement? **Check one:** () Yes () No. **If no, please comment:** _____

5. Was any oral, written or visual claim or representation made to you which contradicted the disclosures in the Disclosure Document? **Check one:** () Yes () No. **If yes, please comment:** _____

6. Except for the information on the earnings statement described in Item 19 and Exhibit A of our Disclosure Document, did any employee or other person speaking on behalf of ABRA Franchisor SPV LLC make any oral, written or visual claim, statement, promise or representation to you that stated, suggested, predicted or projected sales, revenues, expenses, earnings, income or profit levels at any Abra® Repair Center location or business, or the likelihood of success at your franchised business? **Check one:** () Yes () No. **If yes, please state in detail the oral, written or visual representation:** _____

7. Do you understand that that the franchise granted is for the right to operate a business at the Authorized Location only and, except as expressly provided in Section 1 of the Franchise Agreement (or, if applicable, in the Multiple Repair Center Development Agreement) includes no territorial protection, and that we and our affiliates have the right to issue franchises or operate competing businesses for or at locations, as we determine, near your protected area?

Check one: () Yes () No. **If no, please comment:** _____

8. Do you understand that the Franchise Agreement contains the entire agreement between you and us concerning the franchise for the franchised business, meaning that any prior oral or written statements not set out in the Franchise Agreement will not be binding? **Check one:** () Yes () No. **If no, please comment:** _____

9. Do you understand that the success or failure of your store will depend in large part upon your skills and experience, your business acumen, the hours you work, your location, the local market for products under the “Abra” trademarks, interest rates, the economy, inflation, the number of employees you hire and their compensation, competition, lease terms and other economic and business factors? Further, do you understand that the economic and business factors that exist at the time you open your store may change? **Check one:** () Yes () No. **If no, please comment:** _____

You understand that your answers are important to us and that we will rely on them. By signing this addendum, you are representing that you have considered each question carefully and responded truthfully to the above questions. If more space is needed for any answer, continue on a separate sheet and attach.

Note: If the franchisee is a corporation, partnership, limited liability company or other entity, each of its personal guarantors must execute this acknowledgment.

Signature: _____

Signature: _____

Print Name: _____

Print Name: _____

Date: _____

Date: _____

EXHIBIT G
TO
FRANCHISE AGREEMENT
FRANCHISOR DILIGENCE ITEMS

Exhibit G

FRANCHISOR DILIGENCE ITEMS

Franchisee expressly acknowledges that the Franchisor Evaluation Period 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 F

Multiple Repair Center Development Agreement

ABRA FRANCHISOR SPV LLC
MULTIPLE REPAIR CENTER DEVELOPMENT AGREEMENT

THIS MULTIPLE REPAIR CENTER DEVELOPMENT AGREEMENT (the "Agreement"), is made and entered into as of the ____ day of _____, 20____, by and between ABRA FRANCHISOR SPV LLC, a Delaware limited liability company ("Franchisor"), and _____ ("Franchisee").

BACKGROUND

Franchisor and Franchisee are, on this day, entering into an Abra® Franchise Agreement (the "Initial Franchise Agreement"), whereby Franchisee will be granted the right to operate an Abra® Auto Body & Glass repair and refinishing shop (an "Abra® Repair Center") at _____, _____. Franchisee desires to obtain the right to develop Abra® Repair Centers within certain defined areas in the _____ metropolitan area pursuant to Franchisor's standard Franchise Agreement. Franchisor is willing to grant such rights under the provisions stated below.

AGREEMENTS

Franchisor and Franchisee agree as follows:

1. **Development Rights; Reservation of Rights.** Subject to the provisions stated below, Franchisor grants to Franchisee (and Franchisee accepts and agrees to exercise) the right to establish and operate for its own account, but not to subfranchise, sublicense or resell, _____ (__) additional Abra® Repair Centers (the "Repair Centers"), each pursuant to an individual Abra® Franchise Agreement ("Franchise Agreement") in the form then-currently used by Franchisor at the time of issuance, as amended by Section 2 of this Agreement. Franchisee's rights to establish and operate Repair Centers under this Agreement will be limited to the area(s) described on Exhibit A attached hereto (the "Exclusive Development Territory"). So long as Franchisee is in compliance with the terms of this Agreement and the Initial Franchise Agreement, and in compliance with the terms of the individual Franchise Agreement for each Repair Center developed hereunder, Franchisor will not establish for its own account or franchise others (other than Franchisee, under this Agreement) to operate an Abra® Repair Center within the Exclusive Development Territory. The limited Exclusive Development Territory granted under this Agreement is the only territorial protection granted to Franchisee and does not in any way expressly or implicitly grant any other area, market, territorial, or development rights to Franchisee or restrict Franchisor or its affiliates in any way in the manner in which Franchisor and its affiliates may conduct or operate their respective businesses. Franchisor and its affiliates have the right to issue competing franchises or to directly or indirectly develop and operate competing company-owned businesses under trademarks and service marks other than Franchisor's Abra® trademarks and service marks at any locations, as determined by Franchisor or any of its affiliates, inside or outside Franchisee's Exclusive Development Territory. Further, Franchisor and its affiliates have the right both within and outside of the Exclusive Development Territory to distribute products or services through alternative channels of distribution (including the Internet or any other existing or future form of electronic commerce) under Franchisor's Abra® trademarks and service marks, or under any other trademarks, service marks, trade names and commercial symbols.

2. **Fees.**

A. **Development Fee.** For the rights described in Section 1 above, Franchisee will pay Franchisor a nonrefundable development fee of _____ Dollars (\$_____) (the "Development Fee"). This Development Fee will be payable to Franchisor upon Franchisee's execution of this Agreement. The Development

Fee is in addition to the initial franchise fees payable by Franchisee to Franchisor pursuant to each additional Franchise Agreement executed by and between Franchisor and Franchisee. One-_____ (1/_____) of the Development Fee, however, will be used to offset the initial franchise fee for each additional Repair Center Franchisee develops within the Exclusive Development Territory under this Agreement.

B. Initial Fees. Franchisee will pay Franchisor an initial fee of Twenty-Five Thousand Dollars (\$25,000) (the "Initial Fee") for each Repair Center (in addition to the Repair Center being developed pursuant to the Initial Franchise Agreement) to be developed pursuant to this Agreement. Five Thousand Dollars (\$5,000) will be credited against the Initial Fee for each Repair Center upon Franchisee's payment of the Development Fee, leaving a balance due of Twenty Thousand Dollars (\$20,000) for each Repair Center. Ten Thousand Dollars (\$10,000) of the Initial Fee will be payable at the time Franchisee executes a Site Selection Agreement for each Repair Center. The remaining balance of Ten Thousand Dollars (\$10,000) will be payable upon Franchisee's execution of the Franchise Agreement for each Repair Center.

C. Continuing Fees; Advertising Fees. For each Franchise Agreement to be executed hereunder, Franchisee will be obligated to pay Franchisor continuing fees and advertising fees at the same percentage rate as provided in the Initial Franchise Agreement.

3. Conditions to Development of Additional Repair Centers. Franchisor will be obligated to enter into a Site Selection Agreement or Franchise Agreement for the development of a Repair Center under this Agreement only if, at the time Franchisee intends to enter into a Site Selection Agreement or Franchise Agreement for such Repair Center: (1) all amounts due and owing by Franchisee to Franchisor (or Franchisor's affiliates) under or relating to the Initial Franchise Agreement or any other agreement(s) between Franchisee and Franchisor (and/or Franchisor's affiliates) are paid in full and Franchisee is otherwise in good standing under such agreements; and (2) Franchisee is not in default for any reason stated in Section 7 below for which Franchisee has received written notice.

4. Development Procedure. This Agreement is not a franchise agreement. Each Repair Center to be developed pursuant to this Agreement will be governed by the terms of the actual Franchise Agreement and, if applicable, any Site Selection Agreement that Franchisor and Franchisee execute for such Repair Center. Franchisee will not develop any Repair Center at any site until Franchisor has evaluated and approved the site in writing and until there is a signed Site Selection Agreement (if applicable) and Franchise Agreement between the parties. Further, Franchisee will not develop any Repair Center within that portion of Franchisee's Exclusive Development Territory that is less than two (2) miles from the exclusive development territory of any neighboring Abra® franchisee. Subject only to Franchisor's evaluation of a proposed site (which evaluation is not a guaranty that the proposed site will be successful), Franchisee is solely responsible for locating and securing acceptable sites. If Franchisee fails to provide Franchisor with an executed Site Selection Agreement prior to Franchisee's execution of a lease (unless waived in writing by Franchisor) or an executed Franchise Agreement prior to the time that construction or leasehold improvements are commenced on the premises for a Repair Center, Franchisee will be in default under this Agreement, and Franchisor may terminate this Agreement pursuant to Section 7 below.

5. Minimum Development Schedule.

A. Franchisee's rights under this Agreement are conditioned upon its active development of the Exclusive Development Territory. In addition to opening and continuously maintaining the Repair Center to be granted under the Initial Franchise Agreement, Franchisee agrees to open for business and thereafter maintain in operation

within the Exclusive Development Territory not less than the following number of Repair Centers (including the Repair Center developed under the Initial Franchise Agreement) within the time frame stated below.

B. The development schedule described above will be satisfied only if the required number of Repair Centers are open for business by the date stated.

C. Franchisee may develop additional Repair Centers within the Exclusive Development Territory; provided: (i) Franchisee is in good standing under this Agreement and the individual Franchise Agreement for each Repair Center developed hereunder; (ii) the proposed Repair Center will not be located within that portion of the Exclusive Development Territory that is less than two (2) miles from the exclusive development territory of any neighboring Abra® franchisee; and (iii) only if Franchisee and Franchisor execute Franchisor's then-current form of standard Franchise Agreement for each additional Repair Center.

6. Term. Unless sooner terminated under Section 7 below, the term of this Agreement shall run until _____.

7. Default and Termination.

A. Franchisee may terminate this Agreement at any time with or without cause by delivering written notice thereof to Franchisor. Franchisee will be in default, and Franchisor may, at its option, terminate this Agreement as provided herein, if: (1) Franchisee fails to meet the minimum development schedule stated herein, (2) Franchisee violates any other material provision of this Agreement, (3) Franchisee violates any material provision of the Initial Franchise Agreement or any Franchise Agreement or Site Selection Agreement issued hereunder, (4) Franchisee is declared bankrupt or becomes insolvent, (5) Franchisee is convicted of violating any law, ordinance or regulation relating to Franchisee's operation of any Repair Center referenced herein or developed hereunder, or (6) Franchisee attempts to subfranchise all or part of its rights under this Agreement.

B. Except as described below, Franchisee will have thirty (30) days, or such longer period as applicable law may require, after its receipt from Franchisor of a written notice of default within which to remedy any default hereunder, and to provide evidence thereof to Franchisor. If Franchisee fails to correct the alleged default within that time (or such longer period of time as applicable law may require), this Agreement will terminate without further notice to Franchisee effective immediately upon the expiration of the thirty (30)-day period (or such longer period as applicable law may require). Except as otherwise required by applicable law, Franchisor may terminate this Agreement immediately upon

delivery of written notice to Franchisee, with no opportunity to cure, if the termination results from any of the following: (1) Franchisee repeatedly fails to comply with one or more material requirements of this Agreement; (2) the nature of Franchisee's breach makes it not curable; or (3) any default under items (4), (5) or (6) in Section 7(A) above.

C. During the period from the date Franchisor sends a notice of default until all violations and defaults specified therein are cured by Franchisee or this Agreement is terminated, Franchisor will not be obligated to enter into any Franchise Agreement or Site Selection Agreement with Franchisee or otherwise perform any obligations pursuant to this Agreement. Upon termination or expiration of this Agreement, all rights licensed herein will automatically revert to Franchisor, and Franchisee's exclusive right to develop Repair Centers within the Exclusive Development Territory will cease. Termination or expiration of this Agreement will not affect Franchisee's rights under any individual Franchise Agreement in effect at that time.

8. Transfers. Franchise Agreements may be transferred only pursuant to their respective terms. Franchisee represents and warrants to Franchisor that it intends to develop, manage, and operate all of the Repair Centers to be developed hereunder for its own benefit and not for the purpose of or with a view towards resale or redistribution of the franchises to be issued hereunder. This Agreement cannot be pledged, transferred or sold in whole or in part by Franchisee without Franchisor's prior written consent, which consent will not be unreasonably withheld. Franchisor may impose conditions to any proposed transfer or assignment, including the following:

A. Franchisee is in complete compliance with the terms of this Agreement and all other agreements between the parties;

B. The proposed transferee has been approved by Franchisor as meeting Franchisor's then-current standards for new franchisees;

C. The proposed transferee does not own, operate, franchise, develop, manage or control any business that is in any way competitive with or similar to the "Abra" business;

D. The proposed transferee has completed Franchisor's training program;

E. Franchisee assigns to the proposed transferee its interest in the individual Franchise Agreements for all Repair Centers located in the Territory; and

F. Franchisee pays a transfer fee of Five Thousand Dollars (\$5,000).

This Agreement may be assigned and transferred by Franchisor without restriction and will benefit Franchisor's successors and assigns. Any such assignment or transfer will require the assignee to fulfill Franchisor's obligations under this Agreement.

9. Enforcement. This Agreement, and any dispute arising hereunder, will be governed by those provisions found in the Initial Franchise Agreement respecting enforcement, governing law and injunctive relief.

10. Miscellaneous. This Agreement constitutes the entire Agreement of the parties relative to its subject and cannot be waived, altered or rescinded in whole or in part except by an express writing by the parties. The provisions of this Agreement are severable and the invalidity or unenforceability of any of them will not affect the remainder of this Agreement.

IN WITNESS WHEREOF, Franchisor and Franchisee have executed this Agreement as of the date first written above.

FRANCHISOR:

FRANCHISEE:

ABRA FRANCHISOR SPV LLC

By: _____
Its: _____

By: _____
Its: _____

and

By: _____
Its: _____

EXHIBIT A
TO
MULTIPLE REPAIR CENTER DEVELOPMENT AGREEMENT
DESCRIPTION OF EXCLUSIVE DEVELOPMENT TERRITORY

EXHIBIT G

Electronic Transfer of Funds Authorization

DRAFT AUTHORIZATION

Attention: Bookkeeping Department

Franchisee: _____

Authorized Location: _____

Date: _____

The undersigned hereby authorizes ABRA Franchisor SPV LLC, or any of its affiliates, to initiate ACH debit entries against the account of the undersigned with you in payment of amounts which become payable for goods and services (including Continuing Fees, Marketing Fees, and Central Review Fees) by the undersigned to any of the above.

Subject to the provisions of this letter of authorization, you are hereby directed to honor any such ACH debit entry initiated by any or all of the corporations referred to above.

This authorization shall be binding and remain in full force and effect until 90 days' prior written notice has been given to you by the undersigned. The undersigned is responsible for, and must pay on demand, all costs or charges relating to the handling of ACH debit entries pursuant to this letter of authorization.

Please honor ACH debit entries initiated in accordance with the terms of this letter of authorization, subject to there being sufficient funds in the undersigned's account to cover such ACH debit entries.

Sincerely yours,

*** We also need a VOIDED Check ***

Account Name

Street Address

Bank Name

City State Zip Code

Branch

Telephone Number

Street Address

By _____

Its _____

City State Zip Code

Date _____

Bank Telephone Number

Bank's Account Number

Customer's Account Number

EXHIBIT H

State Administrators and Agents for Service of Process

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 I

State-Specific Addenda and Abra® Franchise Agreement Riders

**ADDITIONAL DISCLOSURES FOR THE
FRANCHISE DISCLOSURE DOCUMENT OF
ABRA FRANCHISOR SPV LLC**

The following are additional disclosures for the Franchise Disclosure Document of **ABRA FRANCHISOR SPV LLC** required by various state franchise laws. Each provision of these additional disclosures will not apply unless, with respect to that provision, the jurisdictional requirements of the applicable state franchise registration and disclosure law are met independently without reference to these additional disclosures.

MINNESOTA

1. The following sentence is added at the end of Item 13:

Provided you have complied with all provisions of the Franchise Agreement applicable to the Trademarks, we will protect your rights to use the Trademarks and will indemnify you from any loss, costs or expenses from any claims, suits or demands regarding your use of the Trademarks, 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:

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 prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring you to consent to liquidated damages, termination penalties, or judgment notes. In addition, nothing in the disclosure document or 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.

NORTH DAKOTA

1. The following is added to the end of the "Summary" sections of Item 17(c) of the Franchise Disclosure Document, entitled "Requirements for you to renew or extend," and Item 17(m), entitled "Conditions for Abra's approval of transfer":

However, any release required as a condition of renewal, sale and/or assignment/transfer will not apply to the extent prohibited by the North Dakota Franchise Investment Law.

2. The following is added to the end of the “Summary” section of Item 17(r) of the Franchise Disclosure Document, entitled “Non-competition covenants after the franchise is terminated or expires”:

Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota; however, we will enforce the covenants to the maximum extent the law allows.

3. The “Summary” section of Item 17(u) of the Franchise Disclosure Document, entitled “Dispute resolution by arbitration or mediation,” is deleted and replaced with the following:

To the extent required by the North Dakota Franchise Investment Law (unless such requirement is preempted by the Federal Arbitration Act), arbitration will be at a site to which we and you mutually agree.

4. The following is added to the end of the “Summary” section of Item 17(v) of the Franchise Disclosure Document, entitled “Choice of forum”:

; however, to the extent required by applicable law, you may bring an action in North Dakota.

5. The following is added to the end of the “Summary” section of Item 17(w) of the Franchise Disclosure Document, entitled “Choice of law”:

Except as otherwise required by North Dakota law, North Carolina law applies.

ASSURANCE OF DISCONTINUANCE STATE OF WASHINGTON

To resolve an investigation by the Washington Attorney General and without admitting any liability, we have entered into an Assurance of Discontinuance (“AOD”) with the State of Washington, where we have agreed to remove from our form franchise agreement a provision which restricts a franchisee from soliciting and/or hiring the employees of our other franchisees and/or our employees, which the Attorney General alleges violates Washington state and federal antitrust and unfair practices laws. We have agreed, as part of the AOD, to not enforce any such provisions in any existing franchise agreement, to request that our Washington franchisees amend their existing franchise agreements to remove such provisions, and to notify our franchisees about the entry of the AOD. In addition, the State of Washington did not assess any fines or other monetary penalties against us.

**THE FOLLOWING PAGES IN THIS EXHIBIT ARE
STATE-SPECIFIC RIDERS TO THE
FRANCHISE AGREEMENT**

**RIDER TO THE ABRA FRANCHISOR SPV LLC
FRANCHISE AGREEMENT
STATE OF MINNESOTA**

THIS RIDER is made by and between ABRA FRANCHISOR SPV LLC, a Delaware limited liability company whose principal business address is 440 South Church Street, Suite 700, Charlotte, North Carolina 28202 ("Franchisor"), and _____, a(n) _____ ("Franchisee").

1. **BACKGROUND.** Franchisor and Franchisee are parties to that certain Abra® Franchise Agreement dated _____, 20__ (the "Franchise Agreement"). This Rider is being signed because (a) the Abra® Repair Center that Franchisee will operate under the Franchise Agreement will be located in Minnesota, and/or (b) any of the offer or sales activity relating to the Franchise Agreement occurred in Minnesota.

2. **NOTIFICATION OF INFRINGEMENT AND CLAIMS.** The following language is added to the end of Section 3(F) 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 language is added to the end of Section 12(C)(4) of the Franchise Agreement:

However, 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 with respect to claims arising under Minn. Rule 2860.4400D.

4. **TERMINATION BY FRANCHISOR.** The following language is added at the end of Section 13(C) of the Franchise Agreement:

However, 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. **GOVERNING LAW.** The following language is added at the end of Section 18(D) 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.

6. **CONSENT TO JURISDICTION.** The following language is added at the end of Section 17(D) 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 PUNITIVE AND EXEMPLARY DAMAGES AND JURY TRIAL.** If and then only to the extent required by the Minnesota Franchises Law, Sections 17(B) and (C) of the Franchise Agreement are deleted in their entirety.

8. **LIMITATION OF CLAIMS.** The following sentence is added to the end of Section 17(E) of the Franchise Agreement:

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.

IN WITNESS WHEREOF, the parties hereto have caused this Rider to be executed as of the date of the Franchise Agreement.

"FRANCHISOR"

"FRANCHISEE"

ABRA FRANCHISOR SPV LLC

By: _____

By: _____

Its: _____

Its: _____

and

By: _____

Its: _____

**RIDER TO THE ABRA FRANCHISOR SPV LLC
FRANCHISE AGREEMENT
STATE OF NORTH DAKOTA**

THIS RIDER is made by and between ABRA FRANCHISOR SPV LLC, a Delaware limited liability company whose principal business address is 440 South Church Street, Suite 700, Charlotte, North Carolina 28202 ("Franchisor"), and _____, a(n) _____ ("Franchisee").

1. **BACKGROUND.** Franchisor and Franchisee are parties to that certain Abra® Franchise Agreement dated _____, 20__ (the "Franchise Agreement"). This Rider is being signed because (a) Franchisee is a resident of North Dakota and the Abra® Repair Center that Franchisee will operate under the Franchise Agreement will be located or operated in North Dakota, and/or (b) any of the offer or sales activity relating to the Franchise Agreement occurred in North Dakota.

2. **RELEASES.** The following is added to the end of Section 12(C)(4) 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 North Dakota Franchise Investment Law.

3. **COVENANT NOT TO COMPETE.** The following is added as a new Section 16(D) of the Franchise Agreement:

D. North Dakota Franchise Law. Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota; however, we will enforce the covenants to the maximum extent the law allows.

4. **GOVERNING LAW.** The first sentence of Section 18(D) of the Franchise Agreement is deleted and replaced with the following:

Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Section 1051 et seq.), and the Federal Arbitration Act (9 U.S.C. Section 1 et seq.), and except as otherwise required by North Dakota law, this Agreement and the franchise relationship will be governed by the laws of the State of North Carolina, without regard to its conflict of laws rules, except that any law regulating the offer or sale of franchises, business opportunities or similar interests or governing the relationship of a franchisor and its franchisee or any similar relationship, will not apply unless its jurisdictional requirements are met independently without reference to this Section 18(D).

5. **CONSENT TO JURISDICTION.** The following is added to the end of Section 17(D) of the Franchise Agreement:

Notwithstanding the foregoing, to the extent required by the North Dakota Franchise Investment Law, and subject to your arbitration obligations, you may bring an action in North Dakota for claims arising under the North Dakota Franchise Investment Law.

6. **ARBITRATION.** The third sentence of Section 17(A) of the Franchise Agreement is deleted and replaced with the following:

The arbitration shall take place in Charlotte, North Carolina, or at such other place as may be mutually agreeable to the parties, and the proceedings shall be heard by one or more arbitrators as set forth in the AAA Rules; however, to the extent otherwise required by the North Dakota Franchise Investment Law (unless such a requirement is preempted by the Federal Arbitration Act), arbitration proceedings shall be held at a mutually agreeable site in North Dakota.

7. **WAIVER OF PUNITIVE AND EXEMPLARY DAMAGES AND JURY TRIAL.** If and then only to the extent required by the North Dakota Franchise Investment Law, Sections 17(B) and (C) of the Franchise Agreement are deleted in their entirety.

8. **LIMITATIONS ON LEGAL CLAIMS.** The following is added to the end of Section 17(E) of the Franchise Agreement:

The statute of limitations under North Dakota Law applies with respect to claims arising under the North Dakota Franchise Investment Law.

IN WITNESS WHEREOF, the parties hereto have caused this Rider to be executed as of the date of the Franchise Agreement.

“FRANCHISOR”

“FRANCHISEE”

ABRA FRANCHISOR SPV LLC

By: _____

By: _____

Its: _____

Its: _____

and

By: _____

Its: _____

EXHIBIT J

Form of Service Level Agreement

[COMPLETE ALL FIELDS BEFORE SIGNING]

ABRA 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 ABRA 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 Direct Repair Program Amendment to Franchise Agreement (“DRP Amendment”) entered into by and between Franchisor and Franchisee remains in full force and effect. In the event of a conflict between the DRP Amendment and this Agreement, the terms and conditions in the DRP Amendment 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 "Abra" 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: Abra 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.

ABRA FRANCHISOR SPV LLC

FRANCHISEE

By _____
(Signature)

Name _____
(Printed Name)

Title _____

Date _____

By _____
(Signature)

Name _____
(Printed Name)

Title _____

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. ABRA Operations Manual 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)

State Effective Dates

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

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

State	Effective Date
Illinois	May 23, 2022 (Exempt)
Minnesota	Pending
North Dakota	Pending
South Dakota	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 K

Receipts

RECEIPT

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

If ABRA Franchisor SPV LLC ("Abra") offers you a franchise, Abra must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, Abra or its affiliate in connection with the proposed franchise sale.

If Abra does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and those state agencies listed in Exhibit H.

The franchise seller involved in offering and selling the franchise to you is/are Mark Wahlin and _____, 440 South Church Street, Suite 700 Charlotte, North Carolina 28202, (704) 377-8855.

Issuance Date: May 23, 2022

We authorize the respective state agencies identified on Exhibit H to receive service of process for us in the particular state.

I have received an ABRA Franchisor SPV LLC disclosure document dated May 23, 2022, that included the following Exhibits:

- | | |
|---|--|
| A. List of Abra® Repair Centers | G. Electronic Transfer of Funds Authorization |
| B. List of Former Franchisees | H. List of State Administrators/Agents for Service of Process |
| C. Table of Contents of Operations Playbook | I. State-Specific Addenda and Abra® Franchise Agreement Riders |
| D. Financial Statements | J. Form of Service Level Agreement |
| E. Abra® Franchise Agreement | K. Receipts |
| F. Multiple Repair Center Development Agreement | |

Date: _____

Date: _____

Signed: _____

Signed: _____

Print Name: _____

Print Name: _____

Address: _____

Address: _____

City: _____ State _____

City: _____ State _____

Phone (____) _____ Zip _____

Phone (____) _____ Zip _____

Copy for Franchisee

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Date: _____

Date: _____

Signed: _____

Signed: _____

Print Name: _____

Print Name: _____

Address: _____

Address: _____

City: _____ State: _____

City: _____ State: _____

Phone (____) _____ Zip _____

Phone (____) _____ Zip _____

Copy for ABRA Franchisor SPV LLC

Please mail a hard copy of this receipt to the address listed on the front page of this disclosure document or send to Mark Wahlin at mwahlin@drivenbrands.com.