

ITEM 6

Snap-on Financed Franchisee – Other Fees & Costs

The fees in this item apply to all Snap-on U.K. Holdings Ltd. (“Snap-on”) Franchisees that finance their business through Snap-on and/or Snap-on Finance UK Ltd (“Snap-on Finance”). Please refer to the detailed notes under the table for a full explanation of the fees and what they are for. All values quoted in this document are estimates and may be subject to change from time to time. You will be advised appropriately as and when an item is amended.

Ref	Name of Fee	Amount	Due Date
1	Franchise Finance Programme Loan Payment	<p>For new franchisees no payment is due for the first 90 days.</p> <p>During the Initial Funding period (104 weeks) the estimated weekly payment of £373.</p> <p>After the initial funding period ends, the balance remaining will begin to accrue interest and will be amortized over 520 weeks, with a weekly estimated payment of £362.</p>	<p>Charged through your Franchise Statement.</p> <p>Payable Weekly Via Direct Debit</p>
2	Late charges Franchise Starter Loan	<p>For each payment not made within ten (10 days of the due date Company may be assessed a fee payable to Lender of £10.00 (or if less, the maximum amount permitted under applicable law). For each payment returned by Company’s or Obligor’s financial institution for insufficient funds or dishonour of payment or any other reason, Company or Obligor may be assessed a fee payable to Lender of £20.00 (or if less, the maximum amount permitted under applicable law). If Company or Obligor request an extension of the due dates of any payments, and Lender agrees to such extension(s), Company or Obligor may be assessed a fee payable to Lender of £20.00 (or if less, the maximum amount permitted under applicable law).</p>	Upon failing to make timely payment
3	Weekly remittance for Products & Services purchased from Snap-on	<p>You are required as a minimum to pay 100% of any miscellaneous charges less your miscellaneous credits and 20% of the remaining outstanding balance. If you are over your credit limit and wish to remain off hold you are required to pay the value over your credit limit plus £1.</p>	Payable Weekly upon receipt of an invoice from us
4	Management Fee	£75.61	Payable Weekly
5	Laptop rental, licensing, support.	£205.27 inc. VAT	Payable Monthly via Direct Debit
6	Overdue laptop equipment	£150	Charged to statement 7 days after return requested date and every 7 days thereafter
7	Hire Purchase Payment	<p>£1,954.59 per month</p> <p>During the first 104 weeks, Snap-on, in an amount approximately equal to the finance charges incurred on the hire purchase agreement during that time, and will credit your weekly</p>	Payable monthly Via Direct Debit

		Snap-on Franchisee statement for the applicable amounts.	
8	Mobile Store Upon Termination	£470 - £10,000	Upon Termination
9	Van Insurance	£1932.48 per annum	Paid over 10 months from February
10	Stock Insurance	£3.20 per £1,000 list per annum	Paid over 10 months from February
11	Public Liability Insurance	£62.16 per annum	Paid over 10 months from February
12	Sickness & Accident Insurance	£611.40 per annum	Paid over 10 months from February
13	Employers Liability – for those with Employees	£625.80 per annum	Paid in full in one month
14	Repairs Tools Bin Service	£23.14 plus vat per month	Payable monthly
15	Grey Bin Charge	£32.03 plus vat	Non-receipt of grey bins within 4 months
16	Franchise Development Training	FSMT 2.1 – no charge FSMT 2.2 – no charge	accommodation costs only
17	Unpaid Direct Debit	£10.00	Upon dishonour of Bacs payment
18	Diagnostic Demo unit's software upgrades	£100.00	Maximum of £100.00 paid twice a year
19	Bad Debt Reserve	5% of the amount financed on each EC contract (excluding SBEC) taken and put in a bad debt reserve. Max Reserve £1500.	Payable as and when contracts are purchased
20	Fraudulent Finance Contracts	The full settlement on any account will be charged back to the Franchisee if it is found that there has been any fraudulent activity on a financed contract	Upon termination of contract
21	Small Balance Extended Credit Programme 'SBEC'	2% of the amount financed figure on the EC contract. Max deal £750	Upon credit of contract to Franchisees statement
22	Rebate Deals and promotions	A participation fee may be required by the Franchisee for specific promotions during the year. Full disclosure of fees will be made available at the launch of the programmes	Upon credit of contract to Franchisees statement
23	Late charges Franchise Finance HP Agreement	Under the Snap-on Finance Mobile Store programme late charges will be applied at the rate applicable to your agreement for unpaid direct debits or cheques a fixed fee of £12.00, is charged (subject to the maximum permitted by law).	Upon failing to make timely payment.

24	Late charges Franchise Finance Computer Rental Agreement	Interest on late payments at 5% per annum over Finance House base rate. All costs incurred by us as a result of any breach by you and / or enforcing this agreement. £12 inc. VAT for any letter £24 inc. VAT for any bounced direct debits. 10% will be added to each payment made other than direct debit	Upon failing to make timely payment.
25	Charges for insufficient funds or dishonour of payment under Snap-on Franchise Finance and Credit programmes or for payment to Snap-on	Up to £25 which may increase during the term of your Franchisee Agreement.	Upon dishonour of payment by cheque, ACH or similar instrument
26	Full Recourse Accounts (SBEC)	Settlement figure of account when 59 days delinquent	Upon point of contract charge back
27	Full Recourse Accounts (SBEC) Terminating Franchisee	ALL full recourse contracts will be charged back on termination date	On franchisees termination date
28	Repossessions	Franchisee will be charged 100% of the FMV, if deal sold and goods taken.	Upon point of repossession being processed
29	Losses	Franchisee to be charged 25% of the net loss on the account	Upon point of write off or repossession being processed
30	Late charges Franchisee Finance Computer Loan	Interest on late payments at 5% per annum over Finance House base rate. All costs incurred by us as a result of any breach by you and / or enforcing this agreement. £12 inc. VAT for any letter £24 inc. VAT for any bounced direct debits. 10% will be added to each payment made other than direct debit.	Upon failing to make timely payment.
31	Data Protection License	£45.00 per annum	Payable annually direct to third party
32	FCA	£100 - £600 per annum	Payable on an annual basis to the FCA via your RegData Reporting. Value is dependent on amount of sales done on credit

1 Franchise Finance Programme Loan Payment

Snap-on offers a 624-week loan to finance up to £148,000 for new Franchisees who set themselves up as a Limited Company. The loan is comprised of financing for the Franchise Fee, Initial Inventory (Stock), and Revolving Accounts as further discussed below. The loan will be interest free during the first 2 years. You will begin to make payments 14 weeks after you sign your financing agreement. From week 14 to week 104, you will make payments on the loan by paying Snap-on Tools 5% of your total paid sales received in the prior week.

The payment described in the table above are for a loan of £148,000:

Franchise Fee	£12,000
Initial Inventory @ cost	£85,000
RA Development Loan	£52,500
<u>Subtotal</u>	<u>£149,500</u>
Less Down Payment	£ 1,500
<u>AMOUNT FINANCED</u>	<u>£148,000</u>

During weeks 14 to 104 your repayments will pay the loan off in the following order:

- £10,500 Remaining balance of Franchise Fee
- £52,500 Revolving Account (RA)
- £85,000 Starter Inventory

This example assumes your average weekly paid sales will be £7,467 and your weekly payment during weeks 14 to 104 will be £373.35. At the end of 104 weeks, £33,974.85 in loan payments will have been made, leaving approximately £114,025 due. You will owe VAT on the amounts stated above which we estimate to be £29,900. Snap-on Finance will loan the funds to qualified Franchisees for a VAT deposit, which is further discussed in Note 7 below. This loan will be repayable in single payment 18 weeks after origination, which is when we estimate you should be able to claim the money back from HMRC (approximately 4 months). The monthly payment is calculated on HP which is amortized over 90 months. Other finance options are likely available to you and will be discussed with you by Snap-on Finance. Should you purchase a second-hand vehicle, monthly costs will vary. Quotes available on request.

After two years has passed, Snap-on may assign your loan Snap-on Finance and the balance due on your loan will start to accrue interest. You will then begin to make 520 weekly instalment payments of principal and interest. You will be notified of the amount of the weekly instalments at the end of the two-year period. If the loan is not assignable, you will be required to repay the loan in full at end of the two-year period.

The payment described will be at the fixed rate of interest of 10.99%* which will be repaid over 10 years and includes the following (as an estimated example):

RA Funding	£ 29,025 (£52,500, less payments made)
<u>Initial Inventory @ cost</u>	<u>£ 85,000</u>
<u>AMOUNT FINANCED</u>	<u>£114,025</u>

***Interest.** The loan agreement provides for an interest rate of 10.99%, which begins accruing after the first two years. The loan agreement provides that if Snap-on Finance takes assignment of the loan agreement, it may, but

is not required to, consider a lower rate depending on your creditworthiness at that time. After the first two years, the balance due on your loan will bear interest at the fixed rate set at assignment and will not change during the remaining term of your loan. If a lower interest is considered, the interest rate may be the then current yield to maturity of like-term United Kingdom Government Bond Benchmark Yields published by the Financial Times (the 'Bond Rate') plus an additional amount, between 5 and 8.5 percentage points, subject to a minimum interest rate charged to a new Standard Franchisee of 7.60%.

2 Late Charges Franchisee Finance Loan.

These are charges you will incur if scheduled payments for loan are not paid on time or are not honoured.

3 Weekly remittance for products & services purchased from Snap-on. This is the minimum payment due to Snap-on Tools each week for Products and services purchased from Snap-on on terms. You are required as a minimum to pay 100% of any miscellaneous charges less your miscellaneous credits, 20% of your outstanding balance plus any necessary amount to be £1.00 under your credit limit.

4 Management Fee. This is a weekly charge to cover management costs, compliance costs and support. Also included within this are the costs of marketing material supplied to you by the marketing group such as the National flyer, Workshop Solutions Flyer and other marketing literature, social media, sponsorship, franchise conferences. This cost will increase during the term of your Franchise Agreement.

5 Laptop rental, licensing and support. This charge firstly covers ongoing licensing of the Snap-on Chrome software. It also includes rental of a Snap-on approved laptop with complete care warranty. Finally, the charge encompasses ongoing support and maintenance for all hardware and software.

6 Overdue laptop equipment. These are charges you will incur if they fail to return a rental Chrome laptop within 28 days of it being replaced, whole or in part. This £150 fee is a recurring charge every 7 days after the laptop is deemed overdue and every 7 days thereafter.

7 Hire Purchase Payment. The van payment using the Snap-on Franchise Finance program through Snap-on Finance is based on a van with a cost of £130,000 (excluding VAT) and an interest rate of 8.5% amortized over a period of seven years and six months, with one month deferred for the bank pre-note. This is the estimated monthly cost of purchasing a new Iveco Daily 7.2 through Snap-on Finance on a hire purchase agreement.

It assumes vehicle cost is £130,000 with a VAT element of £26,405, which is due as a deposit at the start of the Hire Purchase ("HP") agreement. If you use Snap-on Finance then Snap-on Finance will loan the funds to you for the VAT deposit for four months, after which you will be required to repay the loan, and at the same time, you should be able to claim the money back from HMRC which we assume this will take approximately 4 months (See item 7 for further details). The monthly payment for the van calculated on HP which is amortized over 90 months. Other finance options are available to you and will be discussed with you by Snap-on Finance. Should you purchase a second-hand vehicle, monthly costs will vary. Quotes available on request. The VAT Loan offered by Snap-on Finance will be charged interest and will be for a term of 18 weeks with no payments for the first 17 weeks and a payment for the balance in full including interest charges payable in full on the 18th week.

If you acquire HP van financing through Snap-on Finance, during the Initial Funding period (104 weeks) after your initial payment Snap-on will credit a portion of the amount the payment you make on your HP to your Franchise Statement on a weekly basis. The credit you receive during this time will be approximately equal to the finance charges related to the payments you make. The total credit you receive from Snap-on during the first 104 weeks of your van HP (mentioned in the table above) is done at no cost to you, and you are not required to repay credited amounts. After 104 weeks, this credit will end.

- 8 Van HP Termination.** Should you terminate your Franchise Agreement with Snap-on Tools you are still liable for your vehicle. Your vehicle is financed by yourself directly with the Finance company. Snap-on, where possible, will help to reallocate your vehicle to a new Franchisee. Should this be an option to you we will be required to ensure your vehicle has a minimum of 6-month MOT on it, minimum of 12 weeks since it was last serviced and 8 weeks since its last VOSA inspection. Upon receipt of the vehicle back we will conduct a bodywork inspection and mechanical inspection, and you will be charged for any work required to meet the Snap-on specification as well as for the inspection (£270) and a valet (£200). You will remain liable to the finance company for the vehicle and the costs due under the HP until either a new franchisee signs to take over the agreement, the vehicle is sold, or the HP is paid in full. This obligation under the van HP continues beyond the date you end your Franchise Agreement, however if your Franchise Agreement is terminated and you have an HP with Snap-on Finance UK Limited, your balance will be due in full. The costs for inspection, valet and refurbishment work may increase over what is identified here during your time as a Franchisee.
- 9 Van Insurance.** This is estimated to cover the cost of insurance for the Franchisee van and fit out. You are liable for the excess, which is currently £250 plus any VAT for any accident repair. Your certificate of insurance is sent out at the beginning of each year.
- 10 Stock Insurance** This is the estimate for insurance that covers the stock albeit on your vehicle or stock delivery premises, including in the case of theft or loss. Your certificate is sent out at the beginning of each year.
- 11 Public Liability Insurance** This insurance covers you whilst trading should one of your customers slip or have an accident whilst on your van or if they injure themselves on a Snap-on tool and wish to make a claim. The policy is available on request.
- 12 Sickness and Accident Policy.** This policy covers you should be unable to carry out your daily work as a Franchisee, there is an excess of 12 working days where you cannot claim, we advise you read your policy as there are certain exclusions i.e. stress, back problems and you also cannot claim for motorbike accidents if riding a motorbike over 250cc. The policy is issued when you start as a Franchisee but can also be provided on request.
- 13 Employers Liability.** This estimate only applies to those who have an employee in their initial franchise or acquire a second franchise. If you use Snap-on's insurance program the policy is sent out by our Insurers along with the certificate. For all certificates you have for Employers Liability, you are required by law keep them for 40 years.
- 14 Red Bin Service Charge.** Snap-on Franchisees are able to return items for repair/warranty issues as a part of the delivery service system offered by Snap-on. There is a small monthly charge to use the red bin service which are the bins required to use to return the items.
- 15 Grey Bin Service Charge.** Snap-on ships out Franchisee's weekly tool delivery using a grey bin system through our nominated carriers. For this delivery system there is no charge. The system, however, relies on the frequent return of the grey bins in order to keep it going. Should Franchisees fail to return any grey bins for 4 months you will be charged at a cost of £27.05 per bin in order that we can replace them to continue to offer the service to the Franchise network.
- 16 Franchise Training.** New Franchisees will return to Kettering at around 4 months to attend New Franchise Training 2, followed by Franchise Development Training at around 9 months after starting the franchise. There is no cost for the actual training provided but you will be charged for hotel accommodation for the nights you are required in Kettering. This will be charged to your statement at the time of training.
- 17 Unpaid Direct Debit.** A charge will be applied for any returned Bacs payments.

18 Diagnostic Demo Units Software Upgrades. As a Snap-on Franchisee you will carry as part of your stock Diagnostic Demo units to be able to loan out to your customers. These units will need their software upgraded every 6 months to ensure they are up to date. Demo unit upgrades are covered with a flat rate £100 charge per release (twice a year).

19 Bad Debt Reserve. This is a reserve account funded by each EC contract your Franchise writes through Snap-on Finance and held on the weekly statement that is used to help cover the cost of EC recourse charges. Any balance in this reserve will be paid back to the franchisee on termination of the franchise once liability period has passed (60 days from term), if no write offs/problem contracts.

20 Fraudulent Finance Contracts. If you enter into a finance contract with a customer that is in any way fraudulent the full settlement on any account will be charged back to the Franchisee.

21 SBEC. Snap-on Finance offers the Small-Balance EC program ("SBEC"). The SBEC program combines attributes of the R/A program and the EC program and gives you the ability to provide more affordable payment terms on select products to more of your customers.

22 Rebate Deals and Promotions. From time to time, we will offer specific promotions related to product financed via our Snap-on Finance programme. A participation fee may be required by the Franchisee for specific promotions during the year. Full disclosure of fees will be made available at the launch of the programmes.

23 Late Charges Franchise Finance HP. These are charges a Franchisee will incur if scheduled HP payments are not made when due or are not honoured, if they have van finance with Snap-on Finance.

24 Late Charges Franchise Finance Computer Hire Purchase. These are charges a Franchisee will incur if scheduled lease payments are not made when due or are not honoured.

25 Charges for insufficient funds or dishonour of payment under Snap-on Franchise Finance and Credit programmes or for payment to Snap-on. These are charges a Franchisee will incur if scheduled payments for a loan or other payment initiated to Snap-on or Snap-on Finance are not honoured.

26 Full Recourse Accounts (SBEC). The liability to the franchisee for Full recourse accounts is 100%. The accounts will be charged back to the original selling franchisee automatically when the account reaches 59 days delinquent. The charge will be the full settlement figure of the account. The charge will go through as a miscellaneous charge on the franchisee's statement.

27 Full Recourse Accounts (SBEC) Terminating Franchisee: Due to the liability for full recourse accounts being 100% to the franchisee, upon date of termination the franchisee will be charged the settlement for all full recourse accounts that are still active. The charge will go through as a miscellaneous charge on the franchisees statement. If the primary dealer is terminating, they will be charged back for not only their own full recourse account but their 2nd franchises' full recourse accounts as well. If at termination an account is not 59 days past due, franchisee can choose to request Snap-on Finance continue to service and collect such SBEC or Reward account, however, franchisee shall pay to Snap-on Finance a fee of 17.5% of any amounts collected by Snap-on Finance, and franchisee still remains 100% liable for the remaining uncollected balance of the account should the account go beyond 59 days past due. Funds will be held in franchise EC reserve until paid off.

28 Repossessions. Repossessions can take place at any point throughout a month. You will be charged 100% of the Fair Market Value (FMV) and this will get put through as a miscellaneous charge on your statement.

29 Losses. When an account is taken to loss as a write off or a repo deficiency the franchisee will have a 25% charge of the net loss. Charge is made as a misc. charge then credited from reserve to the extent reserve funds are available.

30 Late charges Franchise Finance Computer Loan. These are charges a Franchisee will incur if scheduled payments for loan are not paid on time or are honoured.

31 Data Protection License Renewal. You are required by law to renew your Data Protection License annually. This will need to be done directly with the Information Commissioners Office. They will write to you in advance of the expiry date explaining how to renew your license.

32 FCA. Snap-on franchisees are required to maintain licensing and reporting with the Financial Conduct Authority (FCA) to conduct RA business. The exact amount of these fees and reporting requirements varies. You will be required to supply on request proof of an active license. Guidance on how to complete the applications correctly is readily available.